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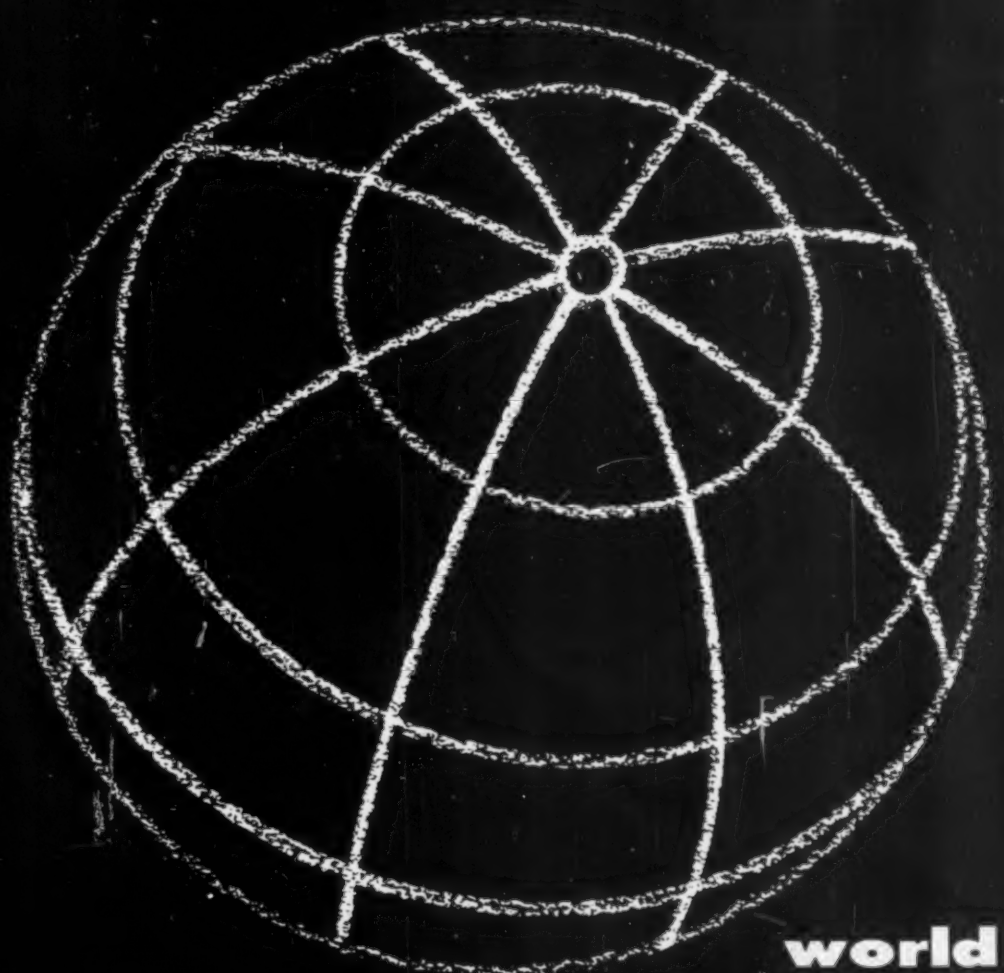

world trade outlook

A U.S. DEPARTMENT OF COMMERCE WEEKLY

XUM

International Trade Winds

Company News

STEEL—Bekaert Steel Wire Corp., New York, North American division of Bekaert/Belgium, announced plans for expanding steel-cord production facilities. The first Bekaert plant in the U.S., now under construction at Rome, Ga., will include a steel-cord production unit. A major use of the cord is in manufacturing tires; the cord forms part of the tire's internal structure and partially or completely replaces synthetic fibers. Bekaert is also expanding three plants in Belgium, building a new facility in Spain and planning a joint venture in Japan.

TEXTILES—United Merchants and Manufacturers, Inc., New York, has concluded an agreement with Etablissements Callebaut-DeBlicquy of Belgium, that gives the European company the exclusive rights to sell United's spiral dyeing device in Turkey, Iran and Israel, and the non-exclusive rights to market it in several African, Eastern European and Near East countries. United manufactures and distributes textiles and textile processing equipment.

VENDING MACHINES—Bally Manufacturing Corp., Chicago, has signed a contract proposal to acquire controlling interest in Automatiport, Swedish distributor of coin-operated amusement and gaming machines. Bally, designer and manufacturer of such equipment, will own a two-thirds interest in the European firm which was Bally's exclusive Swedish distributor.

PLASTICS—Monsanto Co., St. Louis, has announced a multi-million dollar worldwide expansion of manufacturing facilities for Saflex polyvinyl butyral sheet and Butvar polyvinyl butyral resin. These two materials are used principally as the interlayer in manufacturing laminated safety glass for automobile windshields, and as a special laminate for aircraft and architectural uses. Expansion plans include construction of a new Saflex plant in Springfield, Mass.; a 60% increase in Saflex production capacity at the Ghent, Belgium plant; and construction of a new Butvar resin plant in Europe at a site to be determined. Monsanto's Japanese associate, Mitsubishi Monsanto Chemical Co., has also received approval from the Japanese government to construct a polyvinyl butyral sheet plant.

Newsletter

It is no accident that each issue of this magazine contains a full list of Commerce Field Offices, with addresses and phone numbers. These offices serve as starting points in the search for much worldwide marketing data. Skilled international trade specialists at the Field Office are able to guide questioners, and supply prompt, useful information about agents/distributors, export-import statistics, trade conditions, tariffs, controls, etc. This is the practical route to the best world trade assistance, rather than through sending random inquiries to U.S. Embassies and Consulates abroad.

Many trade opportunities remain to be tapped in Yugoslavia because of that country's current boom in tourism. A Commerce-organized trade mission selling hotel and tourist industry equipment there last November will be followed by one in April. This is the kind of mission in which the members act as negotiators for their own companies. Deadline for applications to Commerce's Trade Missions Division is Feb. 2.

America's export expansion leaders are asked to find important places on their team for U.S. Chambers of Commerce abroad, the European offices of U.S. States, and overseas representatives of U.S. trade associations. Such a recommendation has been made by knowledgeable specialists overseas, specifically by the economic/commercial officers at U.S. Embassies in Europe.

January is a measureably better month for U.S. exporters than last month, due to the new step cuts in tariffs by major nations following upon their Kennedy Round commitments. The Common Market countries, for example, agreed to reductions of 50% or more on about 40% of their dutiable imports. And on Jan. 1 they advanced these cuts to the 60% level. Full details on the effect of Kennedy Round negotiations on individual products may be obtained through any Commerce Field Office, or by writing the Office of International Regional Economics, BIC-880, U.S. Dept. of Commerce, Washington, D.C. 20230.

Among the most visible U.S. exports of the year are two to be displayed at the Eleventh Central American and Caribbean Games to begin in Panama City later this month. They are a pair of electronic scoreboards, supplied in a plus-$100,000 contract by the General Indicator Corp., Pardeeville, Wis., after international bidding. Commerce's World Trade Opportunities staff alerted General Indicator to this sales prospect.

NOTICE: This information is offered to preview or provide informally brief and varied comment on Bureau of International Commerce worldwide export and investment promotions. It is not final and does not substitute for the detailed know-how and analysis in our regular news columns.

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in this issue

An introductory article on the outlook for U.S. trade in this issue and individual forecasts on economic conditions in the majority of countries with which U.S. firms do business comprise the World Trade Outlook presented semiannually. Some 60 countries and regions are described in individual reports. Data on U.S. trade with selected countries not covered in separate articles are presented in a table following the final country report. The section begins on page 4.

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Special Report

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MEMO to U.S. firms' international divisions:

"I had been planning to send our chief engineer to the show, but after looking at this . . . ," the man behind the big desk waved at the array of spec sheets spread out before him, "now I am going to mark my own calendar so that I can go along with him. Let me thank you for giving me this interesting introduction to your show."

The visitor retrieved his documents and as he moved to the door, paused to take in the view of the sprawling factory below the office window, and said: "Herr Direktor, I know you are going to find many products of interest, beyond what we have discussed. So, when you arrive at the exhibition, please do call on me. I shall be happy to introduce you personally to the principal officers of the companies you have noted. They will have the details you need, and are anxious to be of service. . . . We will be mailing the additional tickets and company catalogs you want from our office this evening. And if you need any other information, let me know. It will be sent to you promptly."

The scene was a factory headquarters in Germany's Ruhr Valley. The words came from the president of a company producing communications equipment, and from a Commerce Department marketing specialist in the midst of a four-week assignment that would take him to 80 offices like this in 15 West German cities. The subject was the April U.S. Exhibition of Aircraft Components at Hanover, still three months away by the calendar, but already a reality in the sense that 40 U.S. firms had committed themselves to displaying about 200 different products at it.

The Commerce "advance man" knew that his invitation would get consideration from the German executive. Months of painstaking research both in Germany and the U.S. had gone into the show subject, selection of appropriate products and exhibitors, target audience and timing. It was thus no accident that the company specs in his portfolio contained half a dozen items not yet seen in Germany, and hints of other exciting technological products or processes sure to intrigue a German production man.

This scene will be repeated all over the world in 1970, as the Commerce Department, acting for U.S. industry, readies nearly 100 promotions—at overseas exhibitions, U.S. Trade Centers, and through trade missions.

Overseas exhibitions: The following Commerce-sponsored overseas exhibitions are scheduled in 1970 to help U.S. manufacturers enter foreign markets or expand their existing overseas sales and distribution efforts:

Jan. 19-23—LONDON, England—All-U.S. exhibition of data transmission equipment; March 2-7—MADRID, Spain—All-U.S. exhibition of air-conditioning, heating and refrigeration equipment, with a concurrent colloquium; Apr. 10-20—TOKYO, Japan—At the Japan Electronics Fair, about 45 U.S. firms will exhibit electronics production equipment, components, systems, and materials; Apr. 24-May 3—HANOVER, Germany—About 40 U.S. manufacturers will display aircraft, components and ground support equipment at the Hanover Air Show; May 11-15—MEXICO CITY, Mexico—All-U.S. exhibition of printing and graphic arts equipment.

May 11-16—LONDON, England—The third consecutive Commerce-sponsored exhibition at the biennial International Instruments, Electronics, and Automation Equipment Exhibition (IEA) will feature U.S. industrial measuring, testing, and control instrumentation and computers; May 16-21—TEHRAN, Iran—All-U.S. exhibition of industrial modernization equipment; May 26-June 9—TEL AVIV, Israel—At the Tel Aviv International Fair, U.S. makers of industrial and commercial equipment will display their products to buyers in Israel's rapidly expanding economy; May 27-June 4—PARIS, France—U.S. makers of measuring, controlling, regulating and automating equipment in triennial MESUCORA trade fair.

June 17-24—FRANKFURT, Germany—U.S. manufacturers at the 16th Chemical Engineering Exhibition and Congress (ACHEMA) will display their measuring, recording and control instrumentation for the chemical industry; June 22-26—LONDON, England—At the International Packaging Exhibition (PAKEX), U.S. firms will display cleaning, coding, closing, counting and crating equipment; loading, marking, sealing and filling machinery; and packages and packing materials; Aug. 17-22—SYDNEY, Australia—At the Sydney International Engineering Exhibition, U.S. manufacturers will display mining and construction equipment; Sept. 21-25—TOKYO, Japan—A U.S. exhibition at the TOKYO PAC trade fair will feature packaging equipment and supplies.

Sept. 28-Oct. 1—TORONTO, Canada—All-U.S. exhibition of electronic production equipment; Oct. 3-11—COLOGNE, Germany—U.S. manufacturers will display audio-visual equipment and supplies at PHOTOKINA, a biennial event; Oct. 8-19—PARIS, France—American equipment and supplies for hotels, restaurants, cafeterias, institutions will be shown in EQUIP'HOTEL; Oct. 13-18—TOKYO, Japan—All-U.S. exhibition of computers and peripheral equipment; Nov. 9-13—MEXICO CITY, Mexico—All-U.S. exhibition of management systems, with a colloquium.

Nov. 2-7—TAIPEI, Taiwan—All-U.S. exhibition of industrial production equipment; Nov. 5-11—MUNICH, Germany—A U.S. exhibition will be set up at the ELECTRONICA trade fair to display electronic components and production equipment; Nov. 9-15—PARIS, France—U.S. firms will exhibit advanced packaging machinery, equipment and materials at the EMBALLAGE trade fair; Nov. 17-22—COPENHAGEN, Denmark—All-U.S. exhibition of printing and bookbinding equipment and food processing and packaging equipment; Nov. 19-25—MILAN, Italy—Displays of U.S. computers and peripheral equipment, at the BIAS trade fair.

Trade Centers: At the eight U.S. Trade Centers overseas, including the new Sydney Center opening in June, the following exhibitions have been scheduled for the coming months (about 30 more are on the late-'70 schedule, with exact dates still to be assigned):

TOKYO: Jan. 26-31, Vacuum and Cryogenics Equipment; Feb. 23-28, Industrial Assembly Equipment; Mar. 23-28, Security, Safety & Fire Protection Equipment; May 18-23, Metal Surface Treatment.

FRANKFURT: Feb. 16-20, Nuclear Instrumentation; Mar. 16-20, Sophisticated Materials for the Electronics Industry; April 6-10, Hi-Fi and Stereo Equipment; May 18-22, Servo

Commerce lists 100 trade events abroad for '70

Systems & Components; June 8-12, Shipbuilding and Marine Equipment.

LONDON: Feb. 16-20, Biochemical Test and Control Equipment; April 6-10, Pulp and Paper Production Instrumentation and Controls; May 11-15, Electro-Optical Equipment; June 8-12, Vacuum and Cryogenics Equipment.

MILAN: Feb. 10-14, Photography in Science & Industry; Mar. 1-8, Industrial Air Quality Treatment Equipment; April 14-25, Machinery & Equipment for Meat, Fish and Poultry Processing; May 19-23, Chromotography & Spectroscopy Equipment; June 16-20, Transducers.

STOCKHOLM: Feb. 18-24. "SCAN-BUILD"; Mar. 11-17, Electronics Production and Test Equipment; April 6-11, Materials Handling Equipment; May 20-26, "Outdoor Life U.S.A."; June 10-16, Photo & Reprographic Equipment.

PARIS: Jan. 26-30, Production Equipment for the Electronics Industry; Mar. 17-21, Printing and Bookbinding Equipment; May 11-15, Advanced Medical Equipment.

BANGKOK: Jan. 19-24, Water Supply and Sanitation Equipment; Mar. 23-27, Airconditioning and Refrigeration Equipment; Apr. 29-May 9, Data Processing Trade Mission/Seminar to Southeast Asia; May 16-31, Upcountry Touring Exhibition; June 22-26, Office Equipment and Business Machines Exhibition and Seminar.

SYDNEY: June 29-July 3, Data Communications and Graphic Data Systems.

Trade missions: In 1969 the Commerce Department introduced a new specialized "vertical" trade mission program. Such missions promote a limited range of products in areas with strong sales potential after extensive market research. The Department initiates the missions, but industry members pay their own expenses and are free to do business for their own firms.

This year the Department is considering the following specialized "vertical" trade missions:

WORKING MODEL WORKS FOR SALES as buyers gather at a papermaking and converting equipment exhibition at the Stockholm U.S. Trade Center.

Pumps and compressors, to visit Italy, Mar. 2-14; hospital and medical equipment, to Australia, New Zealand, Mar. 11-26.

Also, automotive service and maintenance equipment, to visit Germany, Apr. 4-18; tourist industries, to visit Yugoslavia, Apr. 15-25; data processing equipment, to visit Southeast Asia, Apr. 29-May 9; service industries, to visit Germany, May 11-25; and food processing-packaging equipment, to Mexico, June 15-27.

Meanwhile, U.S. businessmen this year will be reaping the harvest of the most extensive **international market research** program the Commerce Department has ever mounted in support of its export expansion efforts.

The total of Department market research studies, including those completed and still current and those on order for 1970, will cover approximately 250 product/country combinations ranging from breakfast food packaging machinery to nuclear power generating equipment.

Since each report represents the equivalent of three months' work by a market research team, the total results will add up to more than 60 team-years of work. A portion of the research is conducted by Foreign Service officers assigned abroad, a portion by private firms under contract to the U.S. Government and a portion by Commerce Department specialists.

Selection of industries that offer the greatest export potential is based on analysis of their domestic growth patterns since 1963, their export performance since 1962, and such other factors as the impact of Kennedy Round tariff cuts, the relative international competitive standing of individual industries, technological developments and the broad trade patterns.

The world-wide approach to international market research, under which the Department's Bureau of International Commerce began last spring to identify all worthwhile markets for individual U.S. product lines with high export potential, in 1970 will yield analysis on two groups of products and launch the research for four more.

The two product groups on which research will be concluded this year are food processing and packaging equipment and electronic data processing equipment. The studies on EDP equipment will report on markets in 25 countries and those on food processing and packaging equipment will cover 35 countries.

Similar broad studies, covering at least 20 countries each, are being started to measure the sales potential for agricultural machinery and equipment; pumps, valves and compressors; instrumentation and air conditioning and refrigeration.

Additionally, a **Joint Export Association** program, under which the Government underwrites some costs in developing overseas markets, will be extended with about five new contracts. An **International Business Advisory Service,** begun at Commerce's Washington headquarters last September to assist businessmen who have problems in multiple contacts with various U.S. Government agencies involved in international trade, will continue this activity for its clients.

Furthermore, as part of a longer-range export promotion planning program, the Department is already committed to staging 20 commercial exhibitions at international trade fairs through 1974. In the past, international trade fair participation had been planned on an 18-month cycle.

XUM

Limited increase in trade surplus seen this year

Forecast calls for continued export gains and smaller import growth

The disappointing U.S. trade balance position is expected to continue through 1970, although some improvement over the 1969 performance is foreseen. Imports should increase at a somewhat lesser rate than exports, resulting in a modest rise in the merchandise trade surplus.

Prospects are for continued growth in U.S. exports at roughly the 10% annual rate of the past two years. Imports should advance more slowly than in 1969, assuming that economic activity slackens further in response to domestic anti-inflationary measures.

If these expectations for trade materialize, the 1970 export surplus will show an improvement of about $1 billion over the estimated $1.2 billion last year and the $837 million total for 1968. It will fall far short, however, of the $5 billion average level of the first seven years of the sixties, a figure often cited as the minimum trade surplus needed to assure sustained improvement in the U.S. balance of payments.

In 1969, exports climbed by 10%—about the same rate of gain as in the preceding year—to an estimated $37½ billion. Imports also grew by 10%, a substantially smaller growth rate than the unusual increase of 24% registered in 1968. Purchases of foreign products were valued at about $36.3 billion last year.

Both exports and imports would have grown even more rapidly in 1969 had it not been for the prolonged dockstrike which closed Atlantic and Gulf ports in the early months of the year. The work stoppage had the dual effect of causing some trade losses for the year and a speed-up of certain exports and imports toward the end of 1968. Though it is impossible to estimate precisely the quantitative impact of the strike, it is thought that exports were affected more than imports and that, as a result, last year's export surplus may have been adversely affected by as much as $400 million.

Foreign demand strong

The 1970 export outlook is predicated upon further increases in foreign demand for most of our products. Upturns are expected in shipments of civilian aircraft and agricultural commodities, both of which declined in 1969. Sales of some goods will not be as expansive as last year, reflecting less vigorous economic growth in most of our important markets and more intense competition from other exporters. Generally, the anticipated slowdown abroad in a number of countries will result from anti-inflationary policies designed to bring economies into better balance.

Exports to Canada will again show a substantial advance, but the rate of expansion is expected to be more moderate than last year's 14%. Canadian business activity will be less buoyant, with all sectors of the economy being affected by the government's anti-inflationary policies.

According to latest projections, the economic growth rate of the European Economic Community will be reduced in 1970 to a more "normal" level of 4.5% in real terms from an estimated 7% last year. This slowdown will probably have a moderating influence on U.S. exports. Demand for U.S. products in the European Economic Community which recorded the biggest boom in its 12-year history last year, increased by 14%.

The implications for U.S. exports of changes in the value of the German and French currencies are not entirely clear at this time, though the net impact on our exports to the EEC is not likely to be sizable. In third markets, U.S. exporters—if prices are kept in line—should benefit from higher German export prices, since that country is a major competitor in many product lines. Losses in U.S. sales from lower French prices in third markets are expected to be small.

A step up is in prospect for U.S. exports to the United Kingdom following only a small gain in 1969. The sharp turnaround of the British economy in recent months has given rise to optimistic forecasts with regard to the 1970 economic performance.

Indicators point to a continued rapid expansion of the Japanese economy this year and a further buildup of foreign exchange reserves. Import demand will remain high in Japan which augurs well for U.S. sales. In 1969, our exports to that country increased by about one-sixth.

U.S. shipments to the developing countries will probably show a larger rate of increase in 1970 than the 4% last year. In part, this will reflect the improvement in the foreign exchange position of these countries stemming from the high level of exports of their products in both 1968 and 1969. Last year's rising commodity prices boosted export earnings considerably. U.S. shipments to the economically less-advanced countries were depressed last year by a severe reduction in deliveries of agricultural products under PL-480, particularly to India and Pakistan. No such decline is anticipated for 1970.

Sales to the USSR and the other East European countries, which totaled an estimated $235 million in 1969, are expected to show a modest increase this year.

Steps taken by the Eximbank to increase

World trade outlook

Current economic conditions and the outlook for U.S. trade in the majority of countries with which U.S. firms do business are presented on pages 8-67.

The 60 summaries, by country desk officers in the Office of International Regional Economics of the Bureau of International Commerce (BIC), are based on up-to-the-minute reports from U.S. Foreign Service posts, international economic organizations, and other sources.

Data on U.S. trade with selected countries not covered in separate articles are presented in a table following the final country report.

financing available for exports should serve to stimulate shipments this year. Exports financed through PL-480 and AID programs are expected to remain at about 1969 levels.

Import rise to slacken

The projected slowdown in the growth rate for U.S. imports this year hinges upon the validity of forecasts for a substantially less buoyant economic advance. As 1970 opens, it appears that such expectations are realistic. Industrial production has been declining, retail sales have been slower, and personal income is growing at a smaller rate.

Demand for foreign industrial materials, which account for about two-fifths of U.S. imports, will probably not increase much, if at all, as a result of smaller gains in industrial production. As in 1969, most of the import increase is expected to be in consumer goods and, to a lesser extent, in capital equipment. Personal expenditures are likely to rise further, stimulating higher levels of consumer goods imports. Surveys point to a strong rise in business investment in new equipment which should lead to another climb in capital goods purchases from abroad. A modest advance in food imports is likely.

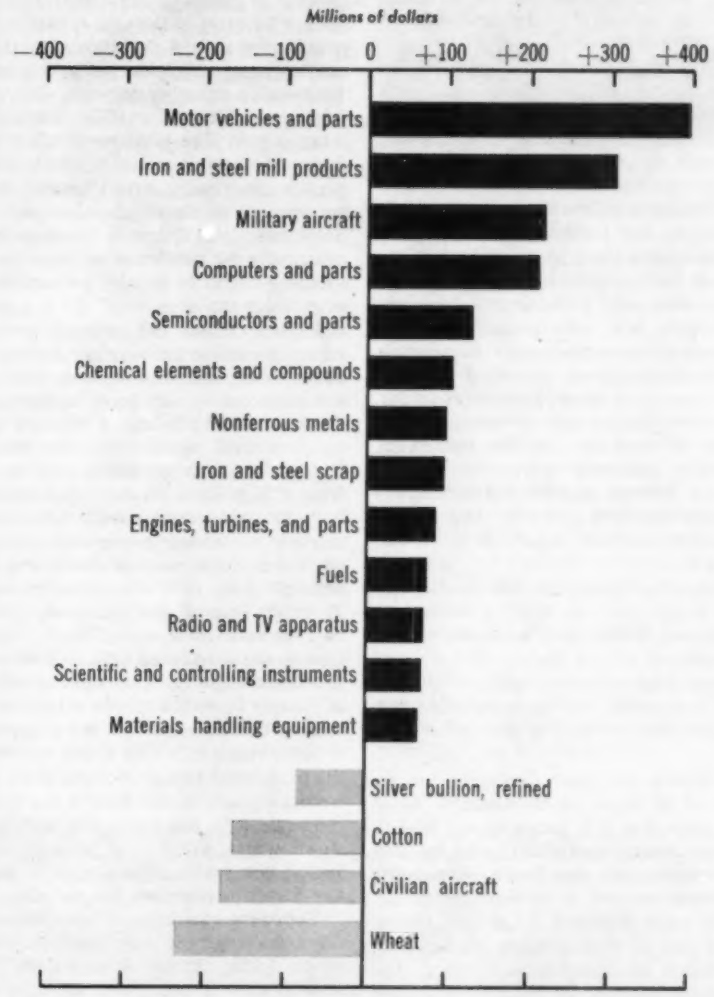
Some expansionary effects on U.S. exports and imports may result from implementation of the third stage Kennedy Round tariff cuts by this country and our major trading partners on Jan. 1. However, the expiration this year of labor contracts covering about five million workers —some two million more than in 1969— in such important industries as automobiles and trucking could have a significant adverse impact on our trade if difficulties in reaching agreement lead to prolonged work stoppages.

Nonfarm exports to rise again

Exports of nonagricultural products— which accounted for the entire U.S. export growth in 1969—are expected to advance somewhat less vigorously than last year. Machinery sales will again lead the expansion. Under the impetus of large-scale investment spending abroad, U.S. exports of machinery rose by about 14% in 1969. This rate of gain was double that of the preceding year and the most rapid since 1964. The unusually sharp increases in export orders for machinery received by U.S. manufacturers since mid-1969 indicate that the expansion will be maintained at a fast pace, at least through the first half. Some slackening in shipments could occur late in the year, however, in line with the less vigorous growth of capital spending anticipated in most industrial countries.

Major commodity changes* in U.S. exports

From January-November 1968 to January-November 1969



* $50 million or more

As in 1969, a major growth area will be computers and parts. Although production by U.S. subsidiaries overseas supplies a sizable portion of foreign requirements, electronic data processing equipment produced in the United States continues to be in strong demand in world markets. As in the case of many other technologically advanced exports, the competitive advantage of U.S. computer producers over foreign manufacturers lies, to an important degree, in serving a large, homogeneous, domestic market which permits the development, testing, and profitable manufacture of new products.

The high quality and specialized nature of U.S. construction machinery should enable these exports to continue their 1969 advance. Shipments of textile machinery also rose strongly last year, and another increase is anticipated despite growing foreign competition. Prospects appear good

XUM

Consumer goods dominate U.S. import increase

	Jan.-Nov. 1969 Value	Change from Jan.-Nov. 1968
	Millions of dollars	
Consumer goods, including autos	10,165	+1,898
Capital goods	3,680	+ 703
Industrial supplies	12,923	— 16
Foods and beverages	4,720	— 96

for printing machinery exports, especially to Canada and Latin America.

Following a good advance in 1969, the outlook for export sales of machine tools is not especially promising. Just as the 1969 gain was largely attributable to strained foreign production capabilities, this year's projected slowdown is based on the easing of demand pressures on foreign firms. The advance of recent years in exports of materials handling equipment, especially industrial trucks to Canada, Western Europe, and Latin America, will probably continue in 1970. The rate of expansion, however, may fall below last year's.

Exports of semiconductor devices, another large gainer in 1969, will continue to increase. Particularly expansive will be shipments of silicon diodes and integrated circuits, many of which go to U.S.-affiliated companies for incorporation into products shipped to this and other markets.

Prospects are again favorable for exports of all types of instruments. As in past years, the U.S. technological lead in product design, high quality, and superior performance is the factor stimulating shipments.

The year 1969 saw a considerably reduced rate of expansion, to about 13%, in exports of transport equipment. The slowdown stemmed, on the one hand, from a sizable decline in civilian aircraft sales and, on the other, from smaller increases in shipments of automotive products to Canada.

This year should see a large increase in deliveries of commercial jetcraft, mainly the new jumbo jet, to foreign airlines. In addition, another rise is seen in exports of military planes, though it will be smaller than the nearly two-thirds expansion in deliveries in 1969.

The pace of automotive shipments to Canada will largely be determined by demand for cars and trucks in this country. Nearly two-thirds of these deliveries consist of engines, parts, and accessories which are assembled at Canadian plants into finished products and shipped largely to the United States. Since our auto sales in 1970 are likely to fall below last year's level, a further slowdown in automotive shipments to Canada is anticipated.

Only a slight advance was recorded in exports of chemicals in 1969. The long dockstrike early in the year seems to have contributed to this performance, both in causing some anticipatory shipping late in 1968 and in retarding deliveries during the port tie-up. Exports in 1970 should show a larger gain. The pickup will affect shipments of elements and compounds, drugs, plastics, and resins. Manufactured fertilizer exports declined in value in 1969. Shipments in 1970 will be determined principally by requirements from the developing countries and by the availability of AID funds.

Exports of iron and steel-mill products, which recorded an unusual increase of about 60%, or $300 million, last year, are projected to decline to more normal levels in 1970. Easing of demand pressures abroad, particularly in Western Europe, will not only reduce requirements from U.S. mills in the developed countries but will also increase competition in other markets as foreign production capacities are freed for export. A decrease is also anticipated for 1970 aluminum shipments. As in the case of steel, however, this will be a return to more normal levels. In contrast to the anticipated fall-off in steel and aluminum exports, a substantial advance is thought likely for copper shipments, assuming U.S. demand weakens as expected.

After rising by about a fifth in 1969—the most rapid rate of increase since 1963—coal exports should show a much more moderate gain this year. The anticipated slowdown in world steel demand, which fueled last year's expansion, will be the key factor in retarding the growth.

Following two years of large increases, log exports showed only small growth in 1969. Little change is anticipated this year in view of continued restrictions on timber exports from federally-owned land and less vigorous Japanese demand. On the other hand, further gains are likely in exports of lumber, provided there is no early pickup in construction activity here which would preempt supplies. Shipments of paper, mainly kraft paper and liner board, should also climb to higher levels.

This article and the accompanying table and chart were prepared by the International Trade Analysis Division of the Commerce Department's Bureau of International Commerce.

This year, exports of agricultural products should register their first increase since 1966. The advance over the estimated $6 billion total for 1969 will be moderate—as world carryover stocks are still substantial—unless foreign crop conditions change significantly in the months ahead. One plus factor in the 1970 outlook is the absence of a major dockstrike which caused substantial losses in farm shipments last year when foreign buyers turned to alternative sources of supply.

The outlook for corn exports appears quite favorable, especially to Japan in the first half of the year, since competition from Argentina and South Africa will be limited because of a reduction in exportable supplies. Soybean exports also look promising, particularly to Western Europe and Japan.

In the absence of an unforeseen decline in foreign production, only a modest increase is expected in wheat exports. Larger quantities should go to Japan and possibly to India and Pakistan. Grain sorghum exports will probably decline in 1970 because of competition from Argentina in the Japanese market, the largest outlet for our product.

Increased cotton supplies abroad, stimulated in part by high prices prevailing several years ago, plus continued competition from manmade fibers, will limit the value of 1970 exports to last year's low levels.

Consumer demand strong

Further gains in consumer expenditures and continued promotional efforts by U.S. importers and foreign manufacturers are certain to lead to another substantial rise in imports of consumer goods in 1970. The rate of increase in arrivals, however, will be moderated if consumer spending advances more slowly than last year. In 1969, these imports rose by nearly one-fourth, following a 40% advance in the previous year. Foreign consumer goods will again account for the major portion of the overall U.S. import expansion.

Arrivals of automobiles and parts from U.S. subsidiaries in Canada increased by about one-third in 1969 over the preceding year. Among the factors stimulating these imports were strike-related shortfalls in U.S. production and the assembly in Canada of large numbers of new subcompact cars which are proving popular with American buyers. The inflow of cars from Canada will continue to expand this year, but the increase will be slower than in 1969, provided automobile sales in this country fall as now seems likely. This outlook could be modified if a strike occurs at U.S. plants when labor contracts expire next September.

Because sluggish U.S. automobile demand is projected and greater competition from new American entries in the low-priced, subcompact field is expected, a slight decline in imports of automobiles from our overseas suppliers is possible this year. Nevertheless, these purchases are expected to maintain their share of the U.S. market. Imports of foreign cars showed only a modest advance last year following a steep rise in 1968, related to some extent to inventory building.

Imports of textiles showed another substantial rise in 1969. The expansion reflected greater purchases of cotton, jute, and synthetic fabrics. Purchases of clothing increased by about one-fourth, mainly in arrivals from Japan and other East Asian countries and, to a lesser extent, Western Europe. The outlook is for continued advances in imports, although the extent of the rise will be affected by the negotiation of international agreements relating to wool and synthetic textiles and clothing.

Purchases of radio and television receivers increased in 1969 by two-fifths to more than $600 million. Substantial advances were noted in arrivals from Japan, Hong Kong, Taiwan, and Mexico. In the latter three countries, production for the U.S. market has been increasing in recent years, mainly through the efforts of American firms to take advantage of lower assembly costs there. These imports should continue to increase in 1970, but probably not as strongly as last year.

The 10% rise in plant and equipment expenditures projected for 1970 points to another sizable advance in imports of capital goods. In the last five years imported equipment has represented an increasing share of these capital outlays.

Purchases of machinery advanced by one-fifth last year, accounting for most of the increase in capital goods imports. The inflow of office machinery and parts was particularly expansive, due to a large extent to greater deliveries from U.S. subsidiaries. These imports should continue to rise this year. Arrivals of materials handling equipment also climbed steeply in 1969 and are expected to maintain a strong upward trend in the coming 12 months.

Metalworking machinery imports will probably resume their growth in 1970 following a decline last year. As indicated by the volume of orders placed by electric utilities with foreign manufacturers, there will be an unusually strong increase in purchases of electrical transformers and steam turbine generators.

Trucks, imported mainly from Canada, rose sharply in value last year, reflecting buoyant demand in this country at a time when domestic production was held down by strikes at several plants. Arrivals will continue to rise in 1970, but at a slower pace.

Industrial materials steady

Large declines in arrivals of copper and steel were instrumental in holding 1969 imports of industrial materials as a group close to the preceding year's level. Any increase in purchases of these materials in 1970 is likely to be small, since the slowdown in U.S. industrial production will moderate import demand.

The voluntary agreement by producers in the EEC and Japan to limit shipments to this country played the major role in the sharp downturn in steel imports last year. Reduced export capabilities abroad, particularly in the EEC, were an additional factor. For 1970, the agreement permits a 5% increase in the quantity of imports, though the value of arrivals could rise somewhat more if foreign prices rise or the product mix changes.

Sharply reduced imports of copper in 1969 reflected a decline from abnormally high strike-inflated levels. This year, unrefined copper imports will probably record a small increase. Although the market for aluminum will continue strong, no large expansion in imports is anticipated as U.S. production should keep pace with demand. Further increases are expected, however, in arrivals of alumina and bauxite.

Growth in imports of industrial and agricultural chemicals is expected to approximate the 1969 increase of about 5%. Much of the advance will stem from greater receipts of organic chemicals, particularly cyclic intermediates, and dyes.

Imports of petroleum and products recorded a strong increase last year, reflecting in part the use of carryover quotas and a stepped-up inflow from Canada which is not subject to quota limitations. Another rise in petroleum imports is expected, but some slackening in demand and the absence of any carryover this year should hold arrivals to only a modest rise.

After declining for two successive years, the value of newsprint imports climbed by almost one-tenth in 1969. About half of the advance represented higher prices. Although U.S. consumption of newsprint may rise further this year, no significant change in imports is forecast since any increase in demand will probably be supplied by domestic mills.

Most of last year's substantial increase in lumber imports, mainly from Canada, occurred early in 1969 when construction activity was vigorous and prices rose sharply. This year, imports of lumber will probably fall unless there is an unexpected upturn in housing starts.

No significant change is anticipated in the import level of foods and beverages in 1970, though last year's slight decline will probably turn into a modest advance. Coffee purchases will be the determining factor. Following a large drop in 1969 from inflated levels in the preceding year, imports of this commodity are expected to increase both in quantity and in price. The value of meat purchases should also rise in response to strong demand and higher foreign prices. Sugar imports are not expected to change much as a better Puerto Rican crop should cover the anticipated increase in consumption.

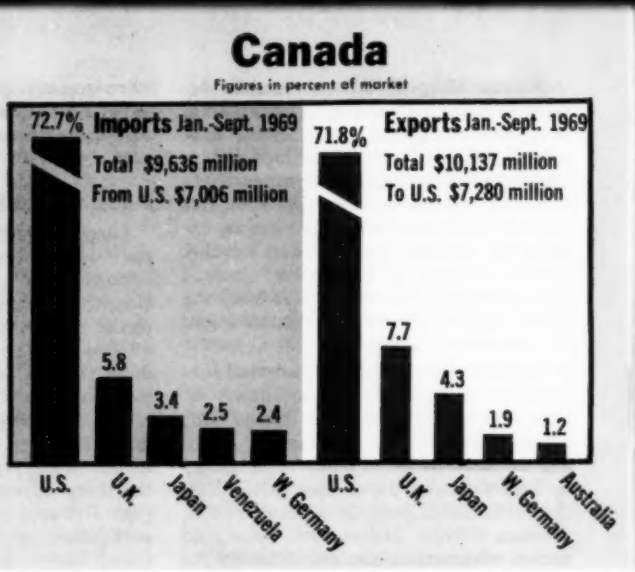
A NEW TRADE ROUTE MAY HAVE BEEN OPENED in 1969 by the S.S. Manhattan, first commercial vessel to complete a voyage from the U.S. East Coast to Alaska through the Northwest Passage. The 150,000-ton icebreaking tanker broke through floes of 15 feet and occasional ice ridges up to 40 feet. The project, conducted by Humble Oil & Refining Co., explored feasibility of the Passage oil route.

XUM

Canada

Businessmen optimistic despite expected slowdown in rate of economic growth

By ROBERT HAMERSCHLAG
European Division, BIC



U.S. sales to Canada should remain strong in 1970 despite the anticipated slow-down of the Canadian economy. U.S. exports are expected to benefit from the continued upward trend of capital expenditures by Canadian industry.

In year-end forecasts, leading Canadian businessmen were moderately optimistic that the economy would continue to grow in 1970 but at a slower pace, with inflationary pressures abating only slightly. A severe or prolonged recession is considered unlikely, although the first half of the year may see a marked slowing in the tempo of business activity. A recovery is likely in the latter part of the year, sparked by an upturn in consumer spending. With a drop in the rate of consumer spending already apparent in the latter part of 1969, the main source of strength for the Canadian economy this year will come from the high level of business plant and equipment investment.

Canadian Gross National Product, which grew by about 9% in 1969 (of which over 4% was accounted for by higher prices), is forecast to rise by about 6.5% in 1970, with price increases responsible for half the growth.

Based on Canadian statistics, imports from the United States exceeded C$10 billion in 1969, up about 13% from the previous year. Sales of machinery and equipment were particularly strong. The United States continued its role as the dominant supplier of the Canadian market, accounting for 74% of total Canadian imports. The U.S. share should continue at this level in 1970 with Canadian imports rising by close to 10%, spurred mainly by expenditures for capital goods for which the U.S. is a prime source.

Products with strong sales potential include: aircraft and parts, production machinery for the electronics industry, computers, teaching aids, medical and hospital equipment, industrial control equipment and pollution control devices.

U.S. prospects for sales of capital equipment are believed good, although the high cost of money and market uncertainties may restrain capital spending in 1970. Among the favorable factors are the spillover of uncompleted projects from the previous year; the basic long-term optimism of Canadian industry, and the efforts of many firms to offset steadily rising unit labor costs by modernization.

Capital spending, particularly by the larger firms, is more likely to be influenced by the underlying strong demand of the Canadian economy and excellent sales prospects for the 1970's rather than by the short-term outlook for slower growth in consumer demand.

Canadian export trade contributed strongly to the growth of GNP despite strikes in key industries. The export advance in 1969 was not as impressive as in 1968, however, and the surplus on the merchandise account fell from the 1968 level of C$1.3 billion to an estimated C$950 million in 1969. A further eroding of the surplus is expected this year.

Canadian exports to the United States in 1969 continued to rise sharply, offsetting declines registered with most of its other major trading partners. Total Canadian exports in 1970 will increase by about half the 1969 rate with wheat and potash the continued soft spots. Although export sales to the United States will not match the substantial gains scored in 1968-69, the upward trend should continue. A key factor will be the effect on Canadian automotive exports of the softening North American market for vehicles. A slump in lumber sales may also affect the export picture.

CANADA'S CHIEF IMPORTS FROM U.S.: autos and parts, machinery, electronic computers, scientific and communications equipment, aircraft and parts, coal, textiles, fruits and vegetables, chemicals, metals and minerals. CANADA'S CHIEF EXPORTS TO U.S.: autos and parts, newsprint, wood pulp and lumber, crude petroleum and natural gas, iron ore, aluminum, nickel and copper, potash, fish, whisky, aircraft and parts.

The 1970 outlook for consumer goods in Canada is certainly less promising when compared with 1969, which was a good year if not completely fulfilling the high expectations voiced last winter. Consumption was up more than 9%; in 1970 the figure may drop to 6.5%. Consumer caution coupled with the high cost of credit has already slowed sales of expensive durables such as cars, furniture, large appliances and jewelry. An exception is color TV, whose sales were still strong in late 1969 and may continue favorable in 1970. Carpets, draperies and clothing are also expected to do well this year.

The persistence of serious inflationary pressures remains the most vexing problem for the Canadian economy. Although the second half of 1969 saw some further easing of demand pressures, the strong rise in labor costs and prices continued.

Restoration of better price stability is the major preoccupation of the Canadian Government in its economic policy. A new Price and Incomes Commission is seeking to secure agreement among business, labor and the professions on a voluntary program of income restraint. Although this dialogue may have useful long-term applications, it is unlikely to have any substantial impact on the immediate situation. The government is likely to pursue its anti-inflationary monetary policies with little chance of any easing until well into 1970.

The year 1969 saw an accelerating pace of price increases at the wholesale level which does not improve prospects for any early decline in consumer prices. The consumer price index rose at a rate nearly 5% above 1968, and only a slightly lower rate of increase is foreseen for 1970.

Latin market still growing

U.S. sales to Latin America and Caribbean area may reach $6 billion in 1970

By RICHARD P. RICE
American Republics Division, BIC

U.S. exports to Latin America and the Caribbean may reach the $6.0 billion mark in 1970, a 6% increase over estimated U.S. exports of $5.7 billion in 1969. Total U.S. sales in the area during 1968 were $5.3 billion.

Mexico, Venezuela, Brazil, Argentina and Colombia are expected to remain the largest markets in Latin America for U.S. products, comprising almost two-thirds of all U.S. exports to the region. U.S. shipments to the Caribbean area are expected to exceed three-quarters of a billion dollars.

Continued economic growth in the region and more liberal credit policies by U.S. lending institutions are among positive factors contributing to the projected increase in U.S. exports.

There were also a number of other important regional developments which should be of significance to the region.

On Oct. 31, the President, in a major policy address, sketched the broad outline of the Administration's Latin American policy. Included in his address were major new trade initiatives designed to stimulate Latin American exports and to promote self-sustained growth. Those initiatives were further elaborated upon at the meeting of experts of the IA-ECOSOC which took place in Washington from Nov. 17 to 29. U.S. support for a system of generalized trade preferences for exports of developing nations, removal of non-tariff barriers by industrialized nations, reduction of import duties on products of export interest to Latin America and the establishment of a system for prior consultation on trade problems were among a number of trade proposals that were discussed. Implementation of these proposals, possibly in 1970, will stimulate the growth of two-way trade. As the major supplier of the Latin American market, any improvement in Latin America's capacity to import and an accelerated growth rate for the region will result in an increased demand for U.S. goods and services.

Integration postponed

The ninth regular session of the Latin American Free Trade Association (LAFTA) closed with the signing of the "Protocol of Caracas" which modifies the Treaty of Montevideo. The Protocol provides that the period for the formation of a free trade area will be extended to 1980. (The Treaty of Montevideo, which created LAFTA in 1961, called for a free trade area by 1973.) The requirements related to the Common List are to be suspended and the annual tariff reduction requirement for the national lists is now reduced to 2.9%. The common list is a list of products on which all member countries agree to eliminate duties, charges and other restrictions on intra-regional trade at the end of 12 years (1973). Under the Treaty of Montevideo, the annual negotiations to establish the national lists of concessions granted by each member to other signatories were to result each year in reductions of not less than 8% of the weighted average of duties and charges.

Another action taken by the member countries at the Caracas meeting was the approval of approximately 500 concessions in the national lists, a significant drop from the 750 items approved at the previous conference held in 1968. Reportedly, the new list contains concessions on pharmaceutical chemicals and electric generators, relatively important items in U.S. exports to the area. In addition, a Protocol was approved by eight countries amplifying the complementation agreement in chemicals by including 95 new products. (Details on the new national list concessions and new products added to the chemical complementation agreement are not presently available.)

Rapid advance unlikely

The action taken by the members of LAFTA in postponing the creation of a free trade area dims the prospect of rapid progress in establishing a regional market of the eleven nations comprising LAFTA. In other moves, however, the Andean Sub-Regional Group members sought to consolidate their fledgling organization. Lima was named as the headquarters for the organization's Executive Board. The Board's powers under the "Cartagena Agreement" as the Andean Treaty is to be known, are, however, circumscribed. The Board, for example, may take decisions only unanimously.

The Cartagena Agreement, signed last May by representatives of Bolivia, Colombia, Chile, Ecuador and Peru, calls for the elimination of all trade barriers among signatory countries during the next decade. A common external tariff is to be put into effect simultaneously, and in most cases the reduction will be automatic, thereby avoiding the product-by-product negotiations characteristic of LAFTA.

The prospects for U.S. exports to this market, once the machinery has been set in motion, are good. The area imports can be expected to increase as the result of new investments, particularly in some consumer goods and other light manufacturing generally of a medium size, which can profitably operate within the five nation area. Exports of capital goods to support local investment decisions and consumer goods not susceptible to local production may be expected to rise.

Outlook by country

Bolivia—After an initial expansion in early 1970, continuing the higher than anticipated levels reached in fourth-quarter 1961, U.S. exports to Bolivia are expected to decline from 1969's projected $65 million. Contributing factors include probable balance of payments difficulties arising from reduced petroleum exports and anticipated delays in new exchange-earning export projects.

Ecuador—The increasingly difficult balance of payments situation in Ecuador has precluded any sizeable increase of imports for the near future; increased exports during recent months have probably been transitory in nature and have only partially offset poor performance earlier in 1969.

Haiti—U.S. exports to Haiti are not likely to expand significantly in 1970 although the United States should be able to maintain its share of the market and its position as Haiti's principal supplier.

Paraguay—The prospects for U.S. exports in 1970 point to a modest decrease. The foreign trade deficit increased again in 1968, and appeared headed toward an even greater increase in 1969, as indicated by a deficit ot nearly $18 million for the first half of the year, compared to an $11 million deficit for the first half of 1968.

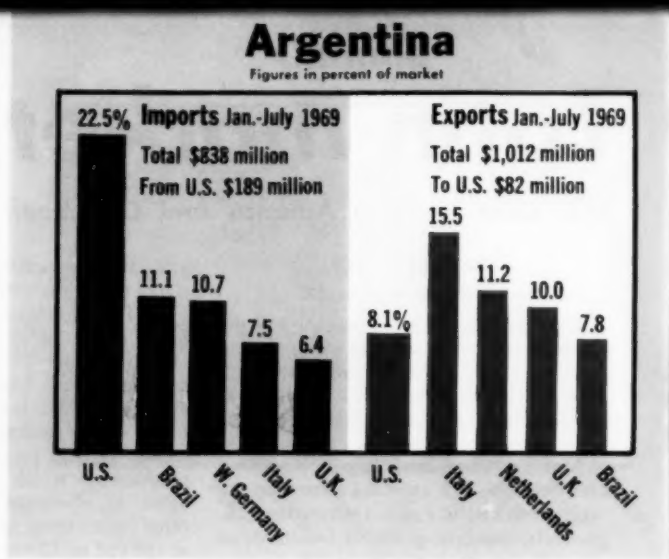
Uruguay—U.S. exports should show an increase in 1970, as the performance of the economy continues to improve. U.S. exports to Uruguay will be stimulated in part by the issuance of development loans from the Export-Import Bank and the Agency for International Development.

XUM

Argentina

Business mood reflects highly active economy, some wariness of state policies

By GEORGE M. POLLARD
American Republics Division, BIC



The 1970 values for both Argentina's exports and imports are expected to exceed the 1969 totals modestly. Imports in 1969 apparently were nearly 30% greater in value than 1968 imports. In contrast, 1969 exports were up only about 13% over 1968.

A number of factors limit prospective foreign trade growth in 1970. Low carry-over stocks of wheat, an average harvest, and high domestic demand restrict prospective wheat export availabilities in 1970.

The increasing trend in exports of manufactures is expected to continue in 1970. Growth in imports in 1970 is expected to be dampened by governmental policies directed toward slowing down national economic growth generally and by associated measures limiting credit and foreign exchange availabilities.

Otherwise, demand for materials for processing in Argentine industries is expected to be sustained. Also, there probably will be a continued flow of imported machinery and equipment needed for a number of ongoing and programmed public works as well as for private industrial expansion programs.

Business active but wary

The Argentine business mood reflects a generally high rate of economic activity. The mood, however, has elements of wary concern associated with uncertainty about a number of ongoing developments, particularly those relating to national governmental policies respecting prices, wages, credit, social welfare, labor organizations, trade and development.

Price increases during 1969 exceeded target limits of the national government and there have been some indications that businessmen anticipate further inflation.

Despite the dock strike, 1969 imports from the United States comprised 22-23% of the value of Argentina's total imports.

The improved accessibility of U.S. Export-Import Bank credit, including more extended categories of transactions and operations, could enhance sales opportunities.

The inconveniences and restrictions imposed on foreign trade by Argentine trade regulations eased somewhat over the past months. The categories of imports on which prior deposits must be made were reduced and customs procedures have been simplified and otherwise expedited. No drastic further changes in this area are expected in the near future.

Inasmuch as there have been some unfavorable balance of payments developments in recent months and foreign exchange reserves declined during the second half of 1969, the national government seeks to avoid any strong rise in foreign exchange payments which a great increase in imports would require. The government has been insisting that it will not adopt direct foreign exchange controls.

Lines of products for which 1970 imports are expected to be particularly active include aircraft and parts, electronic data processing equipment, telecommunications equipment, textile manufacturing equipment, and food processing and packaging equipment.

The high level of general business is expected to maintain an active import command for electronic data processing and associated communications equipment. Growth in communications services including that relating to pipeline and other transport operations should sustain an active import market for telecommunications. New machinery is wanted for extensive modernizing or replacing existing textile equipment. Credit stringencies, however, may dampen somewhat the demand for textile machinery imports.

Further additions to automobile production capacity should be accompanied by considerable imports of auto manufacturing machinery and equipment. Similarly, 1970 expansion in petrochemical capacity should bring imports of chemical plant machinery and equipment. Growing chemical activity in 1970 should sustain and augment imports of high quality chemical materials for consumption in Argentine chemical processing facilities.

ARGENTINA'S CHIEF IMPORTS FROM U.S.: machinery and mechanical appliances, automotive equipment and parts, organic chemicals, aviation equipment and parts, iron and steel, coal, telecommunication and other electronic equipment and parts. **ARGENTINA'S CHIEF EXPORTS TO U.S.:** meat (canned and otherwise prepared), sugar, fuel oil, iron and steel, wool, casein, hides and skins.

Investment climate

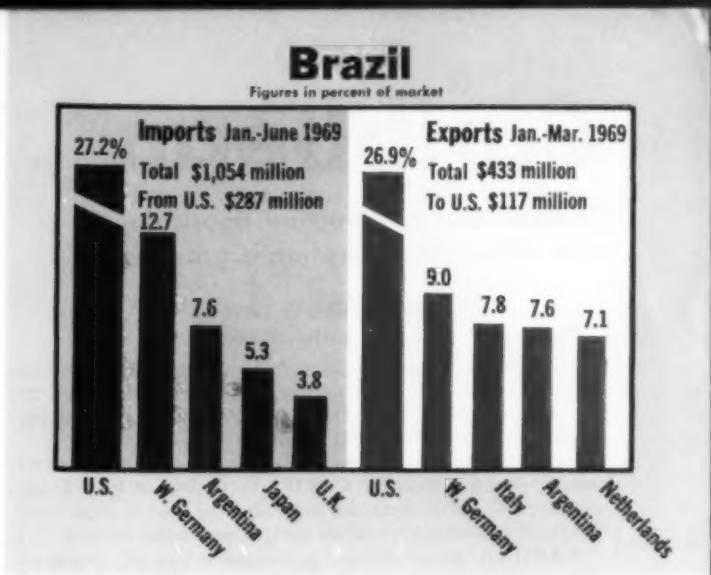
The Argentine Government over the past year appears to have become more selective in its approvals of new foreign direct private investments which may receive incentive benefits. General public and governmental reactions both tend to be generally unfavorable to foreign private investment involving purchase of either 100% or a majority interest in an existing Argentine-owned enterprise. The government encourages placement of new investments in preferred locations (away from the highly developed Buenos Aires area) and in selected lines of activity such as metal mining and manufacture, shipbuilding, fishing and fish processing, paper making and processing, and manufacture for export in general.

The value of U.S. private investments in Argentina at the end of 1968 was $1,148 million, or $66 million greater than a year earlier. In 1968 the Argentine Government issued over 330 decrees authorizing foreign investment valued at $154 million under special incentive regulations. This amount exceeds the combined total of the corresponding figures for 1965, 1966, and 1967. Of the 1968 authorizations pertaining to new businesses, about two-thirds apparently were issued to U.S. firms.

Brazil

Strong growth momentum seen continuing; U.S. sales up but market share declines

By ROBERT J. CARLSON
American Republics Division, BIC



Brazil is expected to maintain a high level of imports in 1970, and the prospects for continued substantial participation in this business activity by U.S. traders are favorable. Although total U.S. exports to Brazil should expand in 1970, the increase probably will not match the rate of expansion of total Brazilian imports. In fact, the U.S. share of the total Brazilian import market currently is declining.

Many of the factors contributing to this trade outlook are predicated upon the likelihood that the momentum of growth that the Brazilian economy has sustained over the last several years will continue. Prospects are favorable for continued heavy demand for those imported goods which are needed to supplement domestic production in meeting development goals and priorities.

A favorable trade outlook is also premised upon current indications that Brazil will enjoy stronger trade and payments positions in 1970, due to increased exporting and the continued availability of foreign financing. Prospects are not favorable for a growing U.S. share of Brazilian trade unless U.S. suppliers are able to meet the sharp credit and price competition of other foreign suppliers.

Available 1969 data indicate a growth in Brazil's GNP of 6% to 7% in 1969, matching the rise in GNP in 1968.

Activity in the industrial sector generally continues high, despite being off in specific sectors. Indications are that industrial production in 1969, while not growing as swiftly as the 15% increase of 1968, is expected to register an 8% to 10% growth rate.

Recent economic policies of the Brazilian Government toward stabilizing the economy and curbing inflation have generally been successful. The Government's fiscal deficits of recent years have largely disappeared. Brazil's trade competitiveness has been improved and currency speculation has ceased with the success of the flexible exchange rate system introduced in 1968.

Government efforts to lower the cost of borrowing have enabled economic activity to continue buoyant despite temporary credit shortages. Supply shortages, chiefly foodstuffs, however, have brought Rio's cost-of-living increases to an aggregate of 22.9% through November 1969, while the general price index had risen by 19.7%.

Total Brazilian imports were running about 8% higher during the first six months of 1969 over the same period last year. Total imports by the end of June were $1,054 million (c.i.f.), and are projected to surpass $2 billion for 1969.

Imports from the U.S. totaled $287 million for the first six months of 1969. The U.S. share of the import market in 1968 was 32%, and the trend in the U.S. market share for 1969 was downward. From 34% in 1967 to 32% in 1968, the U.S. share was approximately 27.2% for the first six months of 1969.

The U.S. market share has declined despite the traditional high regard of Brazilians for U.S. products. American suppliers are faced with increasingly strong price and quality competition from third country suppliers.

Machinery and transport equipment, including mainly aircraft, construction, mining and telecommunications equipment accounted for approximately 50% of U.S. exports to Brazil through September 1969. Organic chemicals and fertilizers accounted for approximately 12%, food products 7%, non-ferrous metals (mostly copper) 6%, coal and petroleum products 6%, scientific measuring and photographic apparatus 4% and other items 15%.

BRAZIL'S MAJOR IMPORTS FROM THE U.S.: wheat, petroleum products, transportation equipment, construction and mining equipment, telecommunications and power producing machinery, non-ferrous metals, and organic chemicals and fertilizers. BRAZIL'S MAJOR EXPORTS TO THE U.S.: green coffee, iron and manganese ores, cotton, sugar, cocoa, lumber and castor oil.

During the first part of 1969, Brazil's major import from world-wide sources was machinery and vehicles, parts and accessories, consisting mostly of capital goods, which amounted to about 34% of total imports. The second position was occupied by manufactured goods classified principally according to raw material, having 18½% of total imports.

The attractive capital goods market is where American exporters face the strongest credit and price competition from other foreign suppliers. A reported example of a winning foreign bid was characterized by 7½-year credit terms in contrast to the best U.S. bid of a 5½-year maturity.

Brazilian performance in exporting, in attracting foreign capital, and in limiting imports of non-essential goods, resulted in an improved trade and payments position in 1969. Total exports for the year are expected to be slightly above $2 billion (f.o.b.). Exports are currently running 19% above 1968 levels on the heels of a 14% growth in 1968. Significantly, the 1969 export expansion shows a much stronger performance by nontraditional exports such as manufactured goods.

This expansion of exports and substantial inflows of private capital from abroad brought foreign reserves at the end of June to $377 million or approximately 47% above the $257 million recorded at the end of 1968. Brazil's external indebtedness, however, is substantial and the external debt service burden in relation to foreign exchange earnings was estimated to be 28.9% in June 1969.

On the whole, 1969 was a good year for the Brazilian economy. This generally bright economic situation indicates that U.S. businessmen can expect favorable trade opportunities in this increasingly important market.

XUM

Caribbean

Tourism and construction flourishing and regional cooperation is growing

By FREDERIC G. KAYSER
American Republics Division, BIC

The Caribbean market continued to show strength in 1969 as imports from the United States rose 9.5%. Overall U.S. sales to the area, comprising all the Dutch, French and English-speaking lands, probably reached $700 million or better for the year.

Continued preferential duty rates for the British Commonwealth, plus the effects of CARIFTA (Caribbean Free Trade Association), have apparently not dulled the need or appetite of the English-speaking territories for U.S. goods and services.

CARIFTA has completed a year-and-a-half of operations with no major problems so far, although the chief benefits seem to have accrued to the somewhat more industrialized islands of Trinidad and Jamaica, which can sell increased amounts of their manufactures more readily than they can buy more of the few agricultural items produced by the smaller islands.

The Caribbean Development Bank has finally been approved after overcoming a number of organizational difficulties. Official inauguration should take place some time in early 1970 after parliaments of all regional members (The CARIFTA countries, British Honduras and the Bahamas) plus non-regional members, Canada and Great Britain, have ratified.

The Bank's aim is to coordinate the members' development programs and labor supply to better utilize resources and markets. By combining planning and technical assistance with loans and investments the Bank hopes to stimulate complementary growth and orderly trade among the many separate economies. The emphasis, at least initially, will be on tourism, light industry and agricultural diversification, which should prove particularly beneficial to the smaller islands.

Jamaica

Jamaica's economy has shown new strength in the last year and a half in spite of some serious problems. Highlights of this economic growth include a $450 million investment in new alumina facilities, which is partially completed, a 19% increase in tourist arrivals in 1968, coupled with a 12% rise in tourist expenditures, and a program to double hotel room availability.

Labor disputes, many of them jurisdictional, are the island's chief problem, but growing pains are also reflected in electric power shortages and a lack of well-trained labor in all fields. If the government can cope with these problems, the economy should flourish.

Export agriculture will continue to be a problem, however, as sugar, bananas, citrus, coffee, ginger, cocoa and copra all face decreasing production. Jamaica, like Trinidad, has achieved self sufficiency in pork production, but has not matched her neighbor's showing in milk, eggs, poultry and vegetables, and will continue to import a considerable amount of U.S. foodstuffs.

Other categories which will provide increasing demand are machinery, construction materials, hotel equipment and a wide range of other manufactured goods. The U.S. market share in Jamaica should climb well above the 40% mark in the 1970's.

Bahamas

Despite a generally booming economy, the Bahamas are experiencing some difficulties. A tight new immigration policy is aggravating an already serious shortage of skilled workers in many fields. Possibly as a result of this, or perhaps more as a reflection of the very high U.S. mortgage rates, the Freeport, Grand Bahamas area has been experiencing a considerable drop in construction.

U.S. exports continue to grow rapidly, nevertheless. Recent higher tariffs on beer and cigarettes may slow imports on these a little, but lower rates should help certain foods, medicines, clothing and shoes, all big items in the past. A $7.6 million Eximbank loan to expand the telecommunications system should also stimulate trade, as will continued Government efforts to improve schools, roads and medical facilities.

Trinidad and Tobago

Trinidad's big market this year, and probably next, will revolve around tourism. Existing hotels are expanding, new ones are being built, and still more are planned. Two airports are being expanded to handle larger aircraft and increased jet traffic. Thus, construction and hotel equipment and supplies of all kinds plus institutional (as opposed to domestic) air conditioning equipment will be in strong demand.

The future of the petroleum industry holds considerable interest as secondary recovery techniques continue in old fields and the nation awaits results of off-shore oil and gas production. Agricultural machinery and equipment should also continue to find good markets, as the Government is concentrating on agricultural diversification and self-sufficiency. A similar effort in the light industry field will mean a continually decreasing market for most consumer goods, which are placed on a restricted import list as soon as Trinidad is able to produce them. Machinery and raw materials for their manufacture are often allowed to be imported duty-free, however.

Netherlands Antilles

U.S. exports to the Netherlands Antilles in 1969 are estimated to have increased at a healthy 9% annual rate over 1968. The May 1969 riots do not appear to have had any appreciable effect on trade, although they did cause a temporary slump in tourism. Reverse preferences which may result from negotiations between the Netherlands Antilles and the European Economic Community are not expected to have adverse effects on trade with the United States.

A strong market for U.S. exports exists in food, clothing, office machinery and non-electric machinery. Expansion of the tourist industry has created a demand for construction equipment, and also for miscellaneous soft-ware products that can be sold to tourists. U.S. exports of tobacco and electrical machinery have declined, however, while exports of technical equipment suffer from stiff competition from the EEC.

Caribbean

	1968 Imports			1969 Imports			
					January-Latest month		
	From world (million $)	From U.S.	U.S. share %	Latest month	From world (million $)	From U.S.	U.S. share %
Bahamas c.i.f.	176	119	67.6		(1)	(1)	(1)
Bermuda c.i.f.	73	34	46.2	June	40	17	42.2
Jamaica c.i.f.	383	148	38.6	May	190	85	44.7
Nether. Antilles f.o.b.	(2)334	(2)32	(2)9.7		(1)	(1)	(1)
c.i.f.	(2)404	(2)39	(2)9.7		(1)	(1)	(1)
Trinidad & Tobago c.i.f.	420	63	15.1	Sept.	336	49	14.6

(1) Not reported
(2) Jan.-June

Central America

Aftermath of war and floods will likely slow economy of region throughout 1970

By ROBERT H. BATEMAN
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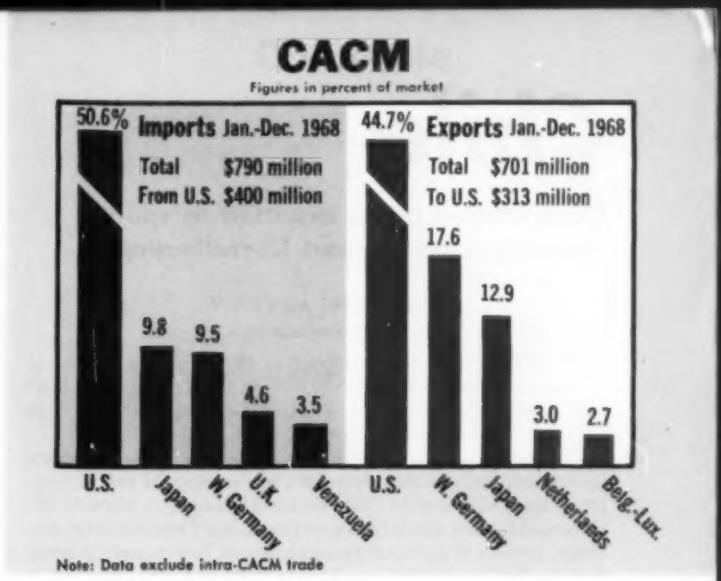


Although predictions for this year are especially difficult to make, a careful appraisal of all factors indicates that Central American imports in 1970 are likely to be at roughly the 1969 level. The U.S. share of the market should also remain in the same 38 to 40% range based on total trade or about 50% based on extra-regional trade only.

There are a number of unpredictable developments that will affect the level of imports. The most important of these is the degree of success the Central American Common Market (CACM) organization has in resolving the problems and dislocations left in the wake of the July 1969 war between El Salvador and Honduras, as well as balance of payments difficulties aggravated by the war. Also important will be the resilience of the Guatemalan and Honduran economies in recovering from the severe damage wrought by hurricane Francelia and subsequent heavy flooding not only to basic crops but to the internal road network in each country as well.

The current economic picture in the five CACM member countries varies considerably according to the impact of the war and the floods on each, but the aftermath of both phenomena can be expected to have a braking effect on the economy of the region throughout 1970.

Costa Rica tops region

Not directly affected by either war or, until very recently, serious flooding, Costa Rica continues to enjoy a relative economic boom with the highest gross national product growth rate of the region, about 8% in real terms. Although doing moderately well in 1969, attaining a real GNP growth increase of about 4.5%, Guatemala's performance in 1970 depends to a great degree on that country's ability to recover from severe flood damage to export crops and to the roads used to transport these crops to domestic, regional and international markets. El Salvador was especially hard hit economically by the war with Honduras. While still cut off from land access to important markets in Nicaragua and Costa Rica, the Salvadorean private sector appears to be adjusting to these difficulties and rebounding to pre-war levels of economic activity. With a normalization of conditions in the CACM the Salvadorean GNP could improve on its modest 1969 growth rate of 3.8% at current prices. Honduras, while perhaps hurt less by the war than El Salvador, suffered in addition considerable hurricane and flood damage, thus clouding the economic outlook for 1970. Due in part to three years of bad crops, Nicaragua was experiencing difficulties even before the indirect effects of the war aggravated them. There could well be further retrenchment in the Nicaraguan economy in 1970.

The July war and its aftereffects were a rude jolt to the functioning of the Common Market. They led to a dislocation of intra-CACM trade that has not yet been overcome. El Salvador and Honduras have reestablished neither trade nor diplomatic relations, and Honduras continues to bar Salvadorean use of that portion of the Inter-American highway running through Honduras. Salvadorean exporters have been forced to find alternative and more costly means of transportation, including a recently established ferry service across the Gulf of Fonseca, to supply Nicaragua and Costa Rica. The war also brought in its wake a flurry of minor bilateral restrictions imposed by member countries on industrial items.

Moreover, as resentment still runs deep in both countries, the question remains as to how closely El Salvador and Honduras will cooperate in the near future to resolve not only bilateral but CACM problems. Most major decisions of the CACM organization require the unanimous consent of member countries. Hopes in this regard have risen recently with the decision of El Salvador and Honduras to participate in a bilateral working group to meet in San Jose, Costa Rica later this month.

Assuming the immediate aftereffects of the July war are overcome in reasonably short order, the longer-term outlook is uncertain as a result of increasing doubt as to whether the CACM as now constituted is responsive to the needs of each member country. The CACM crisis of early 1969 arose in part from Nicaraguan feelings that, at the current stage of the organization's evolution, the CACM was favoring the more industrialized member countries at the expense of the less industrialized. This view has since gained adherents in Honduras. Basically these two believe that by their acceptance of the CACM's common external tariff and the 30% customs surcharge on imported goods they, the less-developed member countries, are subsidizing the highly protected industrial sectors in the other three countries. Since customs duties and import taxes have traditionally been a mainstay of Nicaraguan and Honduran government revenues, the remarkable growth of non-dutiable regional trade in recent years has seriously reduced fiscal resources in these two countries. While the surcharge was designed to increase government revenues, its actual effect appears to be primarily that of discouraging the importation of dutiable items.

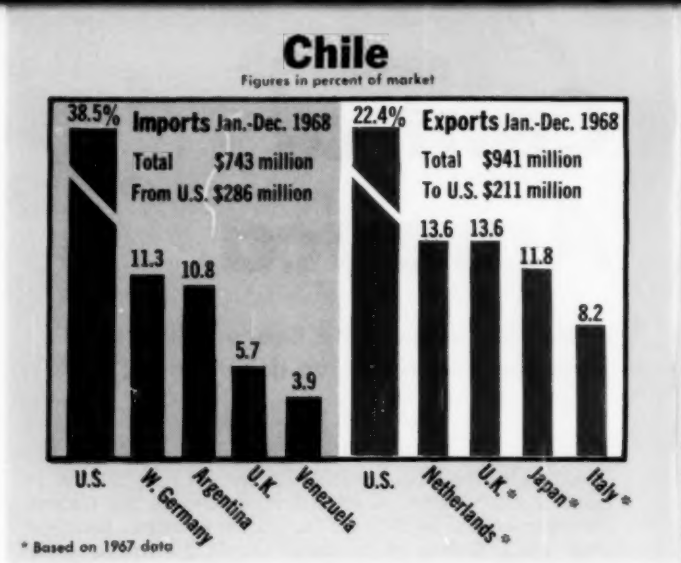
CENTRAL AMERICA'S CHIEF IMPORTS FROM U.S.: electric machinery, non-electric machinery, paper and paperboard, transport equipment, metal manufactures, wheat and textiles. CENTRAL AMERICA'S CHIEF EXPORTS TO U.S.: bananas, coffee, sugar, cocoa, beef and shrimp.

XUM

Chile

Good copper prices expected to spur economy, assist import liberalization

By HERBERT A. LINDOW
American Republics Division, BIC



The outlook for Chilean imports in 1970 is for an increase to an estimated range of $825–850 million from the level of $743 million registered in 1968. U.S. exports are expected to decline moderately from recent high levels.

The principal factor contributing to the overall rise in imports is continuing favorable prices for Chile's principal export, copper. This should enable Chile to move ahead with plans to liberalize additional goods for importation. Furthermore, total economic growth is expected to accelerate as new copper production reaches the market sometime in 1970, industrial production recovers, and agricultural output rises following the severe 1968-69 drought.

The gross national product grew by about 3% in 1968. GNP growth in 1970 should be somewhat higher, possibly at a rate of 5-6%.

Copper production should show good gains as greater output occurs under the ongoing copper expansion programs and as world demand continues strong. Automotive vehicle production should accelerate in view of new assembly facilities being set up by Ford, General Motors, Fiat, and Peugeot-Renault. Other projects which will add to domestic output include plants for the production of tires, cellulose, petrochemicals, iron, steel and copper products.

The foregoing projects involve past domestic and foreign investments. With respect to the near-term future, most foreign businessmen will be taking a wait and see attitude prior to the September 1970 presidential election. Investment commitments are likely to be postponed until the policies of the next administration towards foreign investment are made known.

Inventory rebuilding is also likely to be a factor influencing production. Inventories are expected to rise in view of recent sales increases which reduced inventories.

Imports from U.S. lower

Total Chilean imports in 1968 amounted to $743 million with imports from the United States totaling $286 million c.i.f. Although conclusive data is not yet available, it appears that imports in 1969 were slightly higher than in 1968. With respect to 1970, there may be a moderate decline in the overall level of imports from the United States.

One of the principal factors contributing to the decline in imports from the United States in 1970 is that import requirements for equipment and machinery needed for the projects of the large copper mining companies will probably be lower than in 1969 as expansion nears its final stages. In addition, overall U.S. economic assistance programs to Chile are likely to be lower than in past years due principally to Chile's strong balance of payments position. Also, imports of agricultural products are not expected to show any increase from the low levels of 1969 and may decline further in view of higher domestic output.

On the other hand, some impetus to U.S. exports may occur as Chile liberalizes the import rules for many types of consumer goods in 1970.

The best opportunities for U.S. exporters are mainly in the area of capital goods. Imports of a large variety of these goods are needed for the expansion of the hydroelectric system, the establishment of petrochemical facilities to produce PVC, ethylene, liquid gas, detergents, and synthetic fibers and for expanding copper and iron ore facilities. With the establishment of important new automotive vehicle assembly plants, suppliers of auto parts and components should also find an expanding market. Telecommunications, food and wood processing appear to be other sectors offering opportunities.

Chile experienced another substantial balance of payments surplus in 1969 estimated at $140 million. Copper exports, which constitute close to 80% of total earnings from merchandise exports, was the principal factor in the bright picture.

On Jan. 6 the Ministers of Economics and Finance announced a new import liberalization policy which is to: 1) end import prohibitions, with some exceptions; 2) gradually reduce tariffs over a five-year period; and 3) reduce and eventually eliminate prior import deposits.

Prohibitions will no longer apply to imports of textiles, household appliances, bicycles, motorcycles, chemical products, plastics, cameras, furniture, and many other consumer goods. However, prohibitions will continue for luxury items and goods for the automotive and electronic industries.

The new imports will be subject to higher duties initially but would be scaled down over a five-year period with a view to making domestic industry competitive with imports and to expand exports. The additional imports are expected to amount to at least $35 million.

U.S. suppliers can be expected to encounter stiff credit and price competition from third countries both in the area of consumer and capital goods. Traditionally such competition has come from Western European countries and more recently from LAFTA countries. While competition from these areas will continue strong, it will intensify if Chile's current efforts are successful in expanding trade with Pacific nations and Eastern Europe.

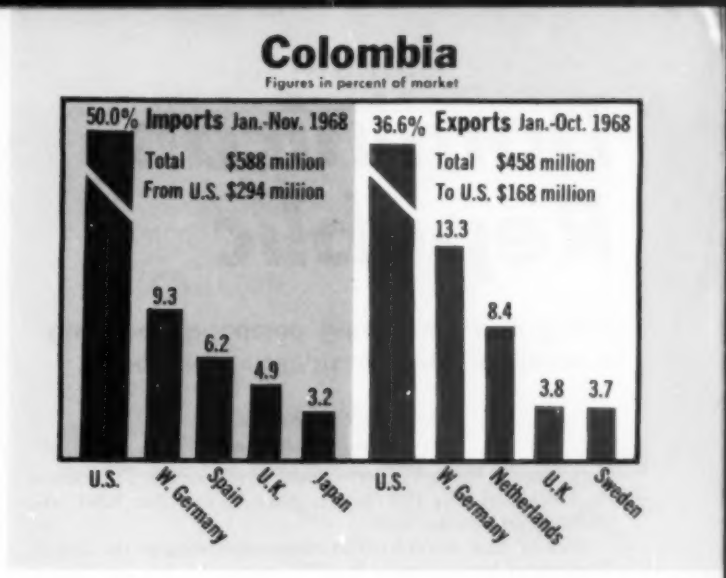
Although U.S. sales and credit to Chile will exceed those of any other single country, U.S. suppliers will need to pursue sales aggressively if they are to maintain or expand their positions in the market.

CHILE'S CHIEF IMPORTS FROM U.S.: automotive vehicles and parts, mechanical handling equipment, construction and mining equipment, iron and steel products, organic chemicals, coal, corn. **CHILE'S CHIEF EXPORTS TO U.S.:** copper, iron ore, natural nitrates, fishmeal, fresh fruits.

Colombia

New decade opens with growing import and development potential

By LOUIS J. MURPHY
American Republics Division, BIC



Colombia's total imports are expected to realize at least an 8% growth in 1970. Such an increase would place the final 1970 import level in the $750-775 million range and consequently increase the importance of the Colombian market which, in 1968, ranked third in South America and fourth in all Latin America as a customer for U.S. exports.

Basic support for this preliminary forecast is afforded by the anticipated continuation of notable domestic economic expansion, rising export earnings and large international long-term assistance programs. The Government's firm resolve to increase the overall development pace and the private sector's growing business confidence also serve to buttress current optimism. While the Government import regulation system is likely to continue for the foreseeable future, its implementation should permit import growth paralleling the rise in foreign exchange availability.

Though there are no immutable factors which would prevent U.S. exports from fully sharing in this market expansion, third-country competition will become an even more serious consideration. While no complete data are available, present indications point to a drop in the 1969 U.S. market share from the 1968 level of 50.1% to the 48-49% range.

To a great degree, the future course of the U.S. market share will be determined by the ability of U.S. exporters to tailor their price, credit and delivery terms to local market conditions and third-country suppliers' efforts.

Preliminary Colombian data show January-October 1969 import registrations (i.e., import licenses issued, not actual arrivals) at $613 million, an increase of nearly 21% over the $507 million for the comparable 1968 period. Given the general 3-6 month or more delay between import license approval and actual arrival of the goods, current indications point to a 1969 total import arrivals level of approximately $700 million. A level of this magnitude would entail a significant rise over 1968 arrivals of $643 million and establish a new Colombian annual import record.

Indicators promising

Current indicators point to a continuation of heightened economic expansion and strong import demand growth through 1970. "Minor" exports (excluding coffee and petroleum) continue to expand at an annual rate approaching 25%. The market price of Colombian coffee, the primary foreign exchange earner, has recently experienced and maintained a notable increment, while estimates of additional petroleum exports from recently-opened fields also are favorable. Furthermore, the projected continuation of international and bilateral economic assistance programs, including AID, will finance a broad range of imported infrastructure and industrial project requirements as well as some general import demand.

Further growth seen

Present estimates indicate Colombia's gross domestic product grew 7% (real terms) in 1969, reaching the $6.3 billion level. The 1970 outlook is for additional GDP growth of at least 6-7%, an annual rate which the Government believes is required for steady and meaningful domestic development.

The Colombian Government recently issued the general outline of a substantial new 1970-72 Public Investment Plan which will require Congressional action in 1970. Sectors slated to receive primary attention are as follows (percentage of total 1972 public investment): agriculture and livestock (55.1%); transportation (11.4%); electric power (7.1%); health (6.5%); water supply (4.7%); industry (4.4%); and housing (2.7%). The actual implementation of such a program would necessarily entail a high level of imports for the various sub-projects.

In addition to U.S. AID general program and specific project loans, international assistance from the World Bank and the Inter-American Development Bank will remain a major source of Colombian import financing and U.S. export potential. The procurement of relevant imports is generally made under international competitive bidding and, since third-country interest in and competition for such orders is keen, careful attention and prompt action by U.S. exporters is advisable.

CHIEF COLOMBIAN IMPORTS FROM U.S.: industrial machinery, motor vehicles, organic chemicals, electrical machinery and equipment, iron and steel products, wheat, synthetic resins and plastic materials. **CHIEF COLOMBIAN EXPORTS TO U.S.:** coffee, petroleum, residual fuel oil, sugar, precious metals, shrimp, cotton fabrics.

Investment outlook

In 1970 and beyond, the Government is likely to exhibit an increasingly selective attitude in its screening of new foreign private investment proposals. Positive contributions to official industry and export development efforts, employment-creating potential and opportunity for local equity and managerial participation are among the attributes which will receive increasing emphasis.

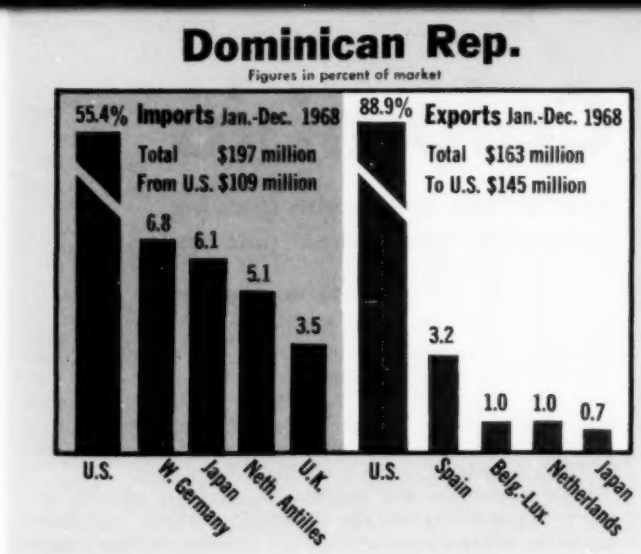
While the growing Colombian market should provide increased potential for a wide variety of products, the best prospects for U.S. exports include: agricultural machinery and equipment; electric power machinery; telecommunications equipment; construction machinery; mining, chemical and petroleum industry equipment; material handling equipment; packaging and wrapping machinery; and utility and medium transport aircraft.

XUM

Dominican Republic

Many decisions being postponed pending outcome of May presidential election

By ROBERT H. BATEMAN
American Republics Division, BIC



Dominican imports in 1970 could be as much as 15% above the 1969 level. The U.S. market share, on the other hand, will probably drop below 50%.

Political factors will have an important bearing on the level of Dominican foreign trade in 1970, especially the presidential election scheduled for May 16. There are indications that some foreign investment decisions are being delayed until after the election, thus reducing the amount of exchange available from this source.

Another of the factors affecting foreign trade is the size and nature of economic aid received from the United States and international agencies. Although a good deal remains in the U.S. AID pipeline, U.S. assistance is on the decline, now consisting mainly of PL 480 sales (wheat, vegetable oil and tobacco) and project loans involving considerable local currency financing.

The U.S. share of the market will likely decrease due in part to the recent loosening of restrictions on the use of AID funds for financing imports. Under this action the list of goods eligible for payment with U.S. special letters of credit was broadened to include a wide variety of goods related to economic development, and purchasing from Latin American sources was facilitated.

Another factor important in the longer run is the size of the Dominican share of the preferential U.S. sugar quota that will be reset by Congress in 1971.

While the Dominican balance of trade is likely to be in deficit in 1970, the overall balance of payments should be very near equilibrium. This will be due mainly to a large net inflow of foreign private investment, especially that connected with the Falconbridge nickel mining venture. This project is to be completed over the next three years and will involve between $150 to $200 million, easily the largest single investment in Dominican history.

The Governor of the Dominican Central Bank is so optimistic about the state of trade and payments in 1970 that he recently predicted a liberalization of exchange restrictions to begin this year. But whether any real progress toward free convertibility of the Dominican peso can be made over the next several months remains to be seen; the exchange prohibition and rationing system in effect in 1969 was extended without change through June 30, 1970. On the positive side, commercial arrears have decreased slightly in recent weeks, and drafts and transfers, which include profit remittances and royalty payments, are now on a current basis.

One proposal for the modification of the exchange system was made recently by the Director of the Dominican National Planning Office. He recommended that the *divisas propias* market be legitimized and regulated. *Divisas propias* are foreign exchange holdings of Dominican citizens that for one reason or another have not come under the control of the Dominican Central Bank.

Under the proposed system there would be two rates of exchange, the official one at present parity and a parallel market rate subject to supply and demand. One benefit of such an arrangement would be that the supply of foreign exchange for the importation of goods and services for development purposes could be better programmed.

While the composition of Dominican imports at any time is highly contingent on current import and exchange policy, some predictions can be made regarding the trend in the near future. About 20% of total Dominican imports are foodstuffs, but this percentage is likely to decline since many of these products can and will eventually be produced locally.

The roughly 25% of Dominican imports that are non-food consumer goods is declining, not only because of import restrictions but also because of the growth of local industries producing them.

About 35% of total imports are the raw materials, semi-processed goods and fuels that supply local industries.

Capital goods, the fastest growing category, will surely exceed in the near and medium term the 20% of total imports they now comprise.

While the growth of the 1969 Dominican GNP in real terms could have been as high as 7 or 8%, the 1970 pace is likely to be somewhat less. This is due in part to the general uncertainty and holding of breath during the pre-election period.

An exception to the general slowing down is likely to be found in the construction industry.

Tourist development, only now beginning to move into high gear, will involve a great deal in the way of construction since many of the most attractive beaches and other spots are still relatively inaccessable and lacking basic conveniences.

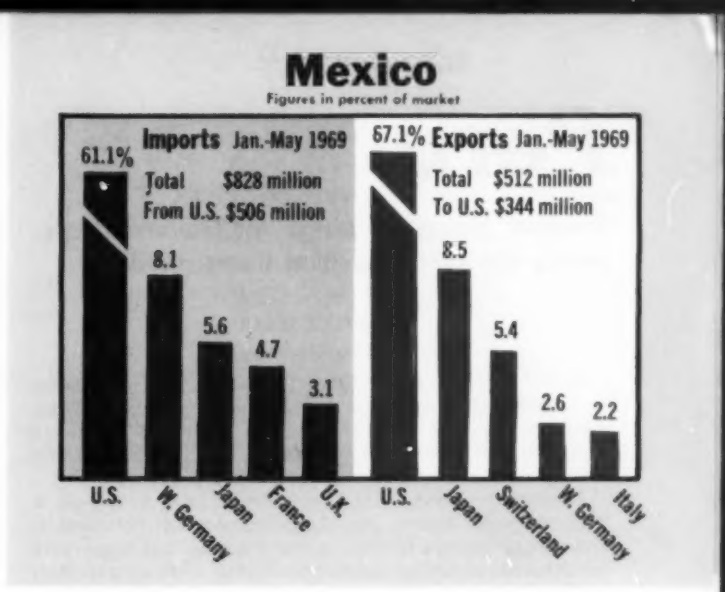
Many new export opportunities can be expected to open up for U.S. suppliers of specialized equipment to be employed in the construction and operation of these large investment projects. Also, Dominican imports of the wide variety of goods—from vehicles to construction materials to restaurant equipment—that an expanding tourist industry requires should rise. This will be especially true once the Dominican Government puts a coordinated tourist development program into effect.

DOMINICAN REPUBLIC'S CHIEF IMPORTS FROM U.S.: wheat, non-electric machinery, textiles, vegetable oils, tobacco, pharmaceutical products and fertilizers. DOMINICAN REPUBLIC'S CHIEF EXPORTS TO U.S.: sugar, coffee, cocoa, tobacco, non-ferrous ores and beef.

Mexico

Expansion of foreign trade levels reflects accelerating economic growth

By PAUL S. FLORES
American Republics Division, BIC



All indications point to a continued expansion of foreign trade levels in 1970, reflecting Mexico's accelerated economic growth in recent years.

The high level of imports is accounted for principally by the massive inputs of machinery and materials needed to nourish Mexico's burgeoning industry and government development projects. Rising income from exports and tourism, bolstered by external credits, have enabled Mexico to meet its consistently high import bill.

Preliminary economic indicators point to a gross national product increase of from 6.0 to 6.5% in constant prices in 1969. This compares with a real growth rate of 6.4% in 1967 and 7.1% in 1968. GNP growth in current prices in 1969 was expected to be 9% to 10%, to an equivalent of some $29 billion.

The outlook for GNP growth in 1970 in real terms is expected to be 7% or better. Economic expansion in 1969 was officially kept in check through monetary restraints and there was a deferral of some publicly purchased imports during the year. Public expenditures probably will be increased somewhat in 1970, the last year in office of the present administration; this should stimulate private investment as well.

Confidence in the Mexican economy remains strong. Domestic private investment, especially in industry, continues unabated and foreign direct investment inflows continue at a steady pace. This confidence is attributable principally to Mexico's prolonged period of political stability, sustained economic growth at an accelerated pace, a strong and freely convertible currency, and relative price stability.

Mexican imports totaled $1.7 billion for the first ten months of 1969, according to preliminary data. This was an increase of 5.1% over the corresponding period of 1968, but substantially below the 12.1% increase in imports registered in 1968.

Although share of market data are available only for the first five months of 1969, those figures indicate that the U.S. share of the Mexican market was 61.1% for that period. This would represent a decline from the 63% U.S. share registered in both 1967 and 1968. The overall decline in the rate of import increase, especially in publicly procured imports, reflects the government's efforts to hold down its large trade deficit, which totaled $782 million in 1968. However, since 5% is the almost irreducible annual import growth rate if the current economic growth rate is to be maintained, it is probable that imports will rise by at least 8% in 1970. This will reflect, to some extent, imports of capital goods which apparently were deferred in 1969.

In order to alleviate balance-of-payments pressures, Mexico has intensified its efforts to promote exports, especially of manufactured goods, through the use of various types of tax incentives and export financing and credit insurance programs.

On the other hand, cases involving import protection granted to firms which have operated under such protection for long periods will be reviewed. Protection will be withdrawn or reduced if the firm's prices are excessively above the similar imported products, or is of marked inferior quality, or delivery dates are unsatisfactory.

Indications are that Mexico's energetic export drive is beginning to pay off. Mexican exports rose by 19% in the first 10 months of 1969 over the same period of the preceding year, with exports of manufactured goods now accounting for some 30% of total exports.

As in the recent past, the best prospects for increased U.S. sales to Mexico in the immediate future will continue to consist mainly of capital goods, especially those with a high technological content or having specialty features. Communications and transport equipment, equipment for the electric power industry, and auto vehicles and parts also will have high priority.

MEXICO'S MAJOR IMPORTS FROM U.S.: mechanical machinery and equipment, electrical machinery and items for electronic use, chemicals, automotive vehicles and components, iron and steel products, precision and measuring instruments, transport equipment. **MEXICO'S CHIEF EXPORTS TO U.S.:** sugar, shrimp, tomatoes, coffee, sulphur, petroleum, minerals.

Although Mexico's international trade position improved somewhat in 1969, indications are that the current account deficit was nearly as high as in 1968 when it totaled $623 million. While gross earnings from tourism and border transactions increased substantially, highly increased foreign expenditures by Mexican tourists kept net tourism earnings from growing at a satisfactory pace.

In view of the continuing large deficit on current account, Mexico can be expected to follow a tight import policy in 1970, but not so tight as to slow current rates of economic growth or satisfactory expansion of exports. Mexico will attempt to reduce expenditures by Mexican tourists while pushing for a more rapid expansion of its own tourist industry. The 1968 Olympic Games gave tourism to Mexico a healthy boost and the World Soccer Championships, to be held in Mexico in mid-1970, should provide further impetus.

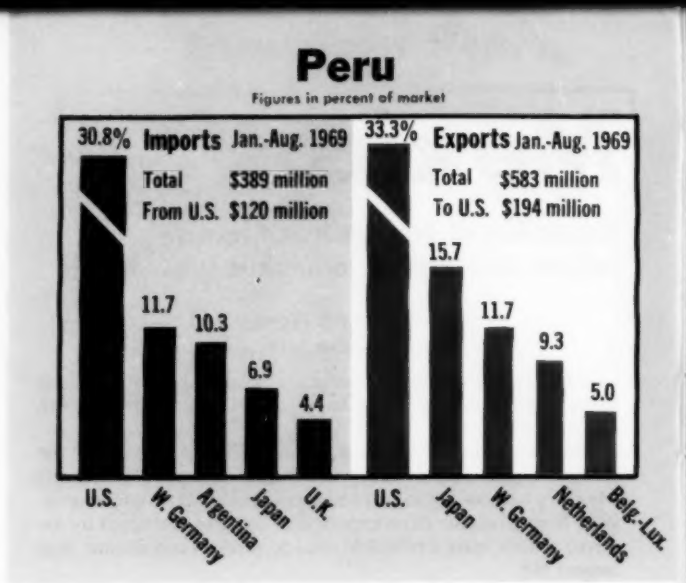
As in past years, Mexico resorted to external capital to balance its international payments accounts in 1969. Because of sound financial management over the years, Mexico has traditionally had access to ample foreign credits. However, increasingly tight and costly money availabilities, plus Mexico's mounting debt service ratio, now in the neighborhood of 22% of current foreign exchange earnings, dictate energetic action to increase Mexico's exchange earnings, hold down foreign exchange expenditures, improve foreign debt maturities, and increase dependence on domestic savings in place of external credits.

Peru

Traders' prospects hinge on Government's policy choices; industrial items needed

By BRUCE SEVER

American Republics Division, BIC



In 1970, U.S. exports to Peru may show signs of recovery in categories of commodities essential to keep industrial operations functioning. This could boost U.S. exports to Peru to an estimated $200 million in 1970 from an estimated $170 million in 1969—the lowest they have been since 1960.

During the coming year, any increase in U.S. exports to Peru will partly depend upon the extent to which Peruvians increase long-deferred imports of raw materials and repair parts for industries supplying manufactured goods to the local markets.

Some new demand for capital equipment and industrial materials may arise from Peru's efforts to gear up for export to other members of the Andean Common Market (ACM) and the Latin American Free Trade Association (LAFTA). The level of future U.S. shipments depends partly upon the extent to which U.S. suppliers respond to the changes in import opportunities prompted by the Peruvian Government's policy of restricting non-essential imports.

Economy near standstill

The gross national product (GNP) in 1969 appears to have increased no faster than the 1.7% rate of real growth achieved in 1968. With the population growing at the rate of 3.1% annually, per capita income has declined in each of the last two years.

Preliminary indications are that there was little additional boost to the economy from the important export sector in 1969, which in 1968 experienced 15% higher earnings than during the previous year. At the end of August stocks of fishmeal largely for export were 50,000 tons—82% less than the comparable figure for 1968.

In Lima, the use of electric power was up 11% during the twelve-month period ending in August. However, the rate of increase during the period was below the 30% increase in 1968.

These actions may help

Some measures the Government intends to apply which may stimulate the economy are: (1) increased public investment, (2) promotion of exports, (3) control of food imports in a manner to stimulate local production, and (4) promotion of investments of external capital especially in the mining sector.

The lack of strength of the Peruvian economy has added to the factors adversely affecting the confidence of Peruvian and foreign investors and creditors. Their attitudes regarding business uncertainties in Peru have led in recent months to deficits in the net capital and services accounts of the balance of payments.

Stable prices

Depressed business conditions and fiscal austerity of the Peruvian Government have helped to reduce price inflation. The consumer price index for the Lima-Callao area increased a very modest 3.8% for the 12 months ending October 1969.

The U.S. share of Peruvian imports in 1969 appears to have been less than the 33.7% share posted in 1968. At the end of August the share was 30.8%, or $120 million of $389 million in total Peruvian imports for the period. The reduced 1969 share stems partly from the adverse effect of the dock strikes in U.S. ports during the early months of 1969. It may also reflect the deferral of some shipments to Peru pending conclusion of negotiations between mining companies and the Peruvian Government regarding contracts to develop unworked large-scale mineral deposits.

Imports are being limited by import restrictions and charges, which were expanded and extended by the Peruvian Government in 1969. In June, the Government took action which transferred a temporary surcharge of 10% *ad valorem* on foreign exchange into a customs surcharge. In September, the Government added 140 categories of imports to the existing list of prohibited items originating in non-LAFTA countries.

The Peruvian Government has taken actions from time to time to reduce or eliminate customs charges on selected raw materials and semi-processed goods for approved manufactures by placing the commodities under the provision of the Peruvian Industrial Promotion Law No. 13270. Some commodities thus affected in recent months are materials for the production of electrodes, brushes, beer, and processed foods.

PERU'S IMPORTS FROM THE U.S.: copper ore and concentrates, sugar, fishmeal, coffee, concentrates of lead, iron and zinc. **PERU'S EXPORTS TO U.S.:** machinery, crude materials (including pulp and paper, iron and steel items), chemicals, motor vehicles, wheat, petroleum products and scientific instruments.

Best U.S. exports to Peru

Commodities with best prospects for U.S. sales in Peru may be found in the categories of U.S. exports to Peru which increased in 1969. According to preliminary data of the U.S. Census Bureau these include organic chemicals, fertilizers, miscellaneous structures and parts of metal, power generating equipment, textile machinery, electrical machinery and household items including parts for assembly, and railway equipment.

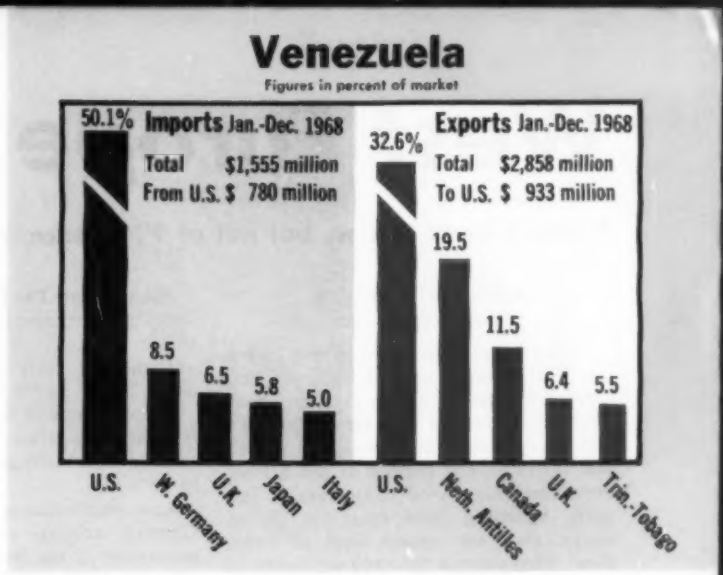
Recovery of former import levels of other commodities appears most likely to occur in raw materials and semi-processed items for local manufacturing industries.

The rate of increase in U.S. and world shipments to Peru will be affected by the outcome of present efforts of the Peruvian Government to induce increased foreign investment and to refinance foreign debts of the public sector postponed in 1968-69 and presently due in 1970.

Venezuela

Strong import growth to continue; U.S. market share climbs to 52%

By DAVID S. McCRACKEN
American Republics Division, BIC



Venezuela's imports, both total and from the United States, should continue to grow well in 1970, approximately duplicating last year's 6% rate of growth. On the basis of current conditions, exports should again grow only 1-2% following 1969's 1% decrease, but this is neglecting the potentially strong effects in the second half of possible changes in U.S. petroleum import policy and of prospective new petroleum service contracts.

Housing construction, plant modernization and installation, and new transport facilities are expected to provide the primary stimulus to imports. A slight growth of petroleum exports should resume, taking up the slack resulting from a slowing of 1969's strong growth of exports of iron ore, coffee, cacao, seafood and pearls.

GNP slows temporarily

The gross national product (GNP) in 1969 grew about 5% to approximately $9.6 billion. A growth of 6-7% in 1970 appears likely, with a resulting GNP of about $10.2 billion. Price level increases have accounted for only 1-1.5% of the annual increase in GNP in recent years.

Business appears to be confident of economic prospects. The index of manufacturing output rose 10% from August 1968 to August 1969. In metropolitan Caracas, despite a decline of nearly 9% in sales from August 1968 to August 1969, net registered investment increased about 43% in the first 9 months of 1969 compared with the same months of 1968.

The primary sources of business uncertainty lie in the questions of the settlement of the Government's bases for petroleum service contracts and the consequent negotiations with the petroleum companies, the imminent changes in the U.S. petroleum import policy, the size of the Government's expenditures, and labor relations, which have been marred by a series of illegal strikes. One area of uncertainty has recently been cleared up, however, with the peaceful settlement of the labor contract negotiations for the petroleum industry. The concern over Government expenditures was eased by the legislature's approval of increased borrowing authority in order that the Government could, despite an adverse fiscal situation, maintain planned expenditures. Additional increases may be necessary, however, if new expenditure cutbacks are to be avoided.

Venezuela's imports have been able to increase strongly despite a generally adverse balance of payments since 1964 because of high foreign exchange reserves ($889 million as of the end of October 1969) and increasing borrowing abroad.

Since, as a result of the above, international reserves were actually higher than at the end of 1964, and since continued increases in international borrowing are feasible, imports could grow more than 10% in 1970, as in 1967 and 1968. It appears likely, however, that they will instead grow at a rate near the anticipated 6% growth rate of the economy.

On the other hand, there may be a tendency toward a downward adjustment of import growth to below the predicted 6%. Over the years beginning with 1964, lagging petroleum growth has contributed to an annual growth of GNP which has been only about three-fourths of the rate of growth of imports. In 1969, relative to GNP, imports approached the decade high, so it may be in order for import growth to slow sufficiently to draw the import level into a more normal relationship to GNP.

In 1969, U.S. exports to Venezuela grew approximately 10%. Based on a preliminary 6% estimate of Venezuelan import growth, the U.S. share of the market grew from 50% to a level of 52%, continuing the recovery which began in 1968. In 1970, U.S. exports to Venezuela should grow at close to the same rate as total Venezuelan imports.

Based on export data through October, the following U.S. exports gained strongly in 1969: iron and steel, heating and cooling equipment, pumps and compressors, and, possibly, aircraft. Although these may hold their ground in 1970, further large increases are unlikely. Significant gains were also registered for mechanical handling equipment, electric power machinery, electric hardware, and automobiles. Of these, mechanical handling equipment is the most likely to increase strongly in 1970. Other U.S. exports with good possibilities of gaining strongly in 1970 are construction and mining equipment, foundry equipment, office and graphic arts equipment (excluding typewriters), and hospital equipment.

Automobile parts, electric household appliances and organic chemicals declined moderately. Organic chemicals should resume their growth, at least by 1971. Wheat, which declined moderately in 1968, scored a small reversal in 1969 and should continue to increase.

In order to help expand U.S. exports to Venezuela, once again a number of industry-organized government-approved trade missions will visit the country. Those at least tentatively scheduled for visits early in 1970 include missions from Tampa (primarily involving cattle, poultry, and related feed and equipment) and Puerto Rico (a wide range of consumer and industrial goods), and one sponsored by Pan American Airways (several industrial product categories). A U.S. agribusiness solo exhibit is planned for 1971.

VENEZUELA'S CHIEF IMPORTS FROM U.S.: road motor vehicles and parts, wheat, pumps and compressors, iron and steel, heating and cooling machinery and equipment, aircraft, construction and mining machinery. VENEZUELA'S CHIEF EXPORTS TO U.S.: petroleum and products, iron ore, coffee, shrimp, sugar, diamonds, cacao.

XUM

West Europe expansive

Region's trade to rise, but not at 1969 pace, when U.S. made best showing since '64

By J. ROBERT WILSON
European Division, BIC

In Western Europe the year just ended was one of rapid economic growth and general prosperity. Although some slowdown in the rate of increase of Europe's GNP is expected, at least in the second half of 1970, the outlook is for further expansion and a modest increase in imports, including those from the United States, over the record level of 1969. Final trade returns for 1969 are expected to show an increase of about 12% in U.S. exports to Western Europe. This would be the best gain since 1964.

The current boom, which will have boosted the 1969 growth rate of the European Economic Community to over 7%, cannot be sustained indefinitely. With industrial output rising steadily, demand pressures have been building up as the factors of production have become increasingly scarce.

For 1970 the Commission of the European Communities forecasts a 4.5% increase in GNP, with Italy and West Germany making the best showings.

Despite the heavy influx of workers from Southern Europe into the EEC, the number of job vacancies in the Common Market is approaching the number of unemployed. In Germany, job vacancies are nearly five times as high as the number of unemployed. Wage and price inflation is mounting. Nearly all the governments' demand management policies are being increasingly oriented toward disinflationary measures.

Record import growth

The latest (December) issue of the semi-annual *Economic Outlook* of the Organization for Economic Cooperation and Development notes that the present boom will have seen OECD imports and exports grow much faster than in any other period of cyclical upswing since the early fifties. It foresees a mixed, but generally decelerating, pattern for the following major components of European import demand in 1970:

Italy—a further sharp rise (from 19% to 23%);

Germany—rapid, but nevertheless decelerating import growth (from 23.5% to 16%);

United Kingdom — continued slow growth (from 5% to 7%);

Belgium and The Netherlands—a considerable slackening (from 18.5% to 10%); and

France—a very sharp deceleration (from 24.5% to 5%).

The increases in imports by the smaller European countries are expected to decelerate moderately and to range from 7% to 15%.

Last year's changes in the French and German exchange rates, the marked improvement in the British balance of payments, and the activation of the special drawing rights scheme of the International Monetary Fund should contribute to a healthier climate for the conduct of international trade. Speculation in foreign currencies is expected to be minimal.

Further tariff cuts

Of course, strong overall demand for imports does not necessarily mean greater imports of a specific product from a specific source. This is particularly true for Western Europe's two trade blocs, the European Economic Community and the European Free Trade Association, which accord preferential treatment to imports from member nations.

However, preferences on a broad range of industrial goods were reduced with the implementation on Jan. 1 of the third installment of the Kennedy Round. This will improve the competitive position of U.S. exports into the two trade blocs vis-a-vis their members.

Another positive factor is the German revaluation of last October which was designed primarily to eliminate the persistent German balance of payments disequilibrium. In addition to the resulting stimulus to German imports, the revaluation should make it easier for American (and other) exporters to meet German competition in third markets.

In general, the opposite is true in the case of the French devaluation which took place last August. As the economic stabilization program takes hold, French economic growth is expected to slacken. Under the circumstances, demand for imports will decelerate very considerably.

Exporters to two major European markets will have to cope with import deposit requirements. In October the United Kingdom, despite an improved balance of payments, decided to retain its import deposit program for an additional year. The rate, however, was reduced from 50% to 40%. Recently Spain introduced a similar system of import deposits in order to curb the sharp increase in imports.

The outlook for American agricultural exports is dimmed somewhat by last year's excellent harvest. For example, the 1969 grain crop in the EEC reached a new high with output of barley and corn surpassing previous records. Wheat production was slightly below that of 1968.

European integration

Nineteen hundred and seventy promises to be a year of achievement for the European Economic Community and for European unity generally. Last month's Hague summit meeting of the leaders of the EEC governments and the subsequent solution of the difficult problem of financing Common Market agriculture suggest that the EEC is moving ahead once again.

Negotiations on the entry into the Common Market of the United Kingdom, Denmark, Norway and Ireland are promised in the course of the year. Actual membership, however, would not take place for a year or so.

On the other hand, preferential trade agreements may be concluded and even enter into effect with several countries. Negotiations between the EEC and Spain and Israel have made progress and prospects for an Austrian-EEC arrangement have revived. Yugoslav-EEC negotiations for a limited trade agreement have also advanced. There have also been exploratory talks between the EEC and the United Arab Republic.

Two of the EEC countries failed to meet the agreed deadline of Jan. 1 for the introduction of the tax on value-added system. Last month new deadlines were set: January 1971 for Belgium and January 1972 for Italy.

The European Free Trade Association will be enlarged by the addition of Iceland with effect from Mar. 1 or as soon thereafter as the ratification process permits.

American export promotion in Western Europe was augmented last November by the opening of the Paris Trade Center. This addition brings to five the number of trade centers in Western Europe, a market for $12 billion of U.S. exports, the others being located in London, Frankfurt, Milan and Stockholm.

Austria

Foreign trade on upswing as strong growth continues; U.S. market share dips

By LESLIE KLIEFORTH

European Division, BIC

With its economy continuing to move in high gear at the end of 1969, Austria's volume of foreign trade appears headed for further gains this year. U.S. exporters willing to make the effort should be able to find good sales possibilities in the increasingly attractive Austrian market.

Under the impetus of strong sustained demand, production is expected to remain at a high peak. With sizable planned investment outlays in the public and private sectors, the upward trend of Austrian imports of capital goods should continue in 1970. Imports of consumer goods are expected to be spurred as real gains in personal incomes and high employment enliven consumer demand.

When all the 1969 figures become available, Austria's gross national product is likely to total about $12.4 billion in current prices, 9% over 1968. The real 1969 growth rate is estimated at 6%, compared with 4.1% for 1968. There are indications that the 1969 growth rate may not be sustained throughout 1970. With a growing shortage of skilled labor, maximum production capacity with existing equipment will be reached, and a slowing down of overall economic expansion may then occur, possibly by mid-1970. Preliminary estimates put the real growth rate for 1970 at about 4%.

With the heavy buildup of order backlogs undiminished at the end of 1969, business confidence remains high.

In the twelve-month period ending last August, wholesale and retail prices rose by about 3%. Prices of raw materials and semi-finished goods averaged an increase of about 3½% in this period. There were indications at the end of 1969 that prices in 1970 would rise at a moderately higher rate than in the previous year. The hefty increases in wage rates gained by industrial workers in the summer months raised production costs, which were expected to be passed on to the consumer.

Austrian authorities, concerned with mounting inflationary pressures stemming from unabated foreign and domestic demand in the face of near maximum utilization of manufacturing capacity, reacted swiftly to the October 1969 revaluation of the Deutschemark.

With Germany supplying about 41% of Austria's imports, it was felt that increases on prices of goods imported from Germany inevitably would contribute to upward price pressures. In order to minimize the impact of these pressures a series of price stabilization measures were enacted beginning in November. The most important of these measures, which affected goods principally imported from Germany, were unilateral tariff cuts on about 70 items, including many consumer products, and border tax reductions on some raw materials, agricultural goods and automobiles.

Austrian authorities anticipate that a broadening of Austria's import trade will result from the 1969 measures affecting imported goods, and the third stage of the Kennedy Round tariff reductions which went into effect Jan. 1.

In the first nine months of 1969 exports rose 20% and imports 11% over the corresponding period in 1968. The U.S. share of the Austrian market has been dropping over a period of years and amounted to 2.9% for the first nine months of 1969, a decline from the 3.6% market share for the comparable period in 1968.

To some extent this drop is attributable to the prolonged U.S. dock strike which affected all U.S. exports. A factor contributing to the long-term decline of the U.S. market share is the growing number of European-based American manufacturing subsidiaries which are replacing parent American companies as suppliers of some product categories to Austria.

Increased Austrian exports to the EEC, Austria's major group of trading partners, and to fellow member EFTA countries, have compensated for a stagnation of trade with Eastern Europe.

Indications are that for 1969 as a whole Austria was closer to a fundamental balance of payments equilibrium than in recent years, with a surplus on current account very probable. Austria's strong export performance considerably reduced her trade deficit, which was offset by increased foreign exchange earnings from tourism, services and invisible transactions.

The Austrian Government has intensified its efforts to attract foreign investments, particularly American. The Austrian initiatives have begun to show results, as five U.S. firms are establishing manufacturing subsidiaries, and more companies are expected to follow in 1970.

Product categories offering the best sales potential for U.S. exports include those for which U.S. technological superiority has been demonstrated. Particular items in this group are business machines and peripheral electronic data equipment, materials handling and construction equipment, automated metalworking machinery and laser equipment, textile machinery, heating and cooling equipment.

Austria is planning to build a $150 million atomic power plant, with about 60% to 70% of the equipment expected to be delivered by Austrian industry. American firms are bidding on the rest, and in addition there are opportunities for U.S. firms offering management and consulting services in connection with this project. U.S. sales possibilities for consumer goods, particularly recreational items, appear good.

MAJOR AUSTRIAN IMPORTS FROM U.S.: machinery, chemicals, plastics, non-ferrous metal ores, feeds, office machines and photographic equipment. MAJOR AUSTRIAN EXPORTS TO U.S.: machinery, glassware, steel, bicycles, apparel, footwear, sporting goods and toys.

XUM

Belgium

Economic boom expected to peak in 1970; exports remain mainstay of growth rate

By ROBERT H. WALKER

European Division, BIC

With the peak of the present boom expected during 1970, the outlook for the Belgian economy in 1970 is very good and foreign trade will continue to make gains, but at a lower rate of increase than in 1969.

The economy has withstood very well the onslaughts of international monetary operations and domestic inflationary pressures. Incomes are up and private consumption is being strongly stimulated. The nearly full usage of production capacity is generating overdue industrial investment, and investment expenditures for 1969 should be about 17% above 1968 with even greater advances predicted for 1970. Exports continue to be the mainstay of the economy.

Belgium's Gross National Product for 1969 is expected to show a growth of 5.5%-6% in real terms to total about $23 billion, compared with $20.9 billion in 1968. The Belgian budget for 1970 was premised on a further GNP increase of 4.75% in real terms which should approximate $25 billion in current prices.

Prices in Belgium took an unusual turn in 1969. Wholesale prices for many years had maintained an extraordinarily level progression, moving upward very slowly, in contrast to retail prices which have steadily advanced by several percentage points per year. In 1969, however, the index of wholesale prices at the end of September had climbed 6.2% above the level of a year earlier, outstripping the 3.9% gain in retail prices. High international commodity prices reinforced by persistent domestic demand accounted for the unusual wholesale price rise.

In the last days of its session, Parliament in June passed a basic bill to establish the Tax on Value-Added (TVA). The new tax was to replace the existing transmissions (sales) tax in line with the European Communities requirements and was to become effective Jan. 1. The Belgian Government on Sept. 10 rather suddenly decided to postpone implementation of the TVA until Jan. 1, 1971. The decision was subsequently approved by the European Communities Commission.

The Belgian action was undertaken in light of the Netherlands experience following adoption of the TVA last January. In that country prices shot up violently and a price freeze was imposed. Belgium feared that adoption of the TVA during a boom period would severely aggravate inflationary tendencies, leading to excessive repercussions on prices, wages, balance of payments and government finances.

Postponement of the TVA for one year shut off the wave of forward purchasing engendered by price increases thought likely to occur after its introduction. Prior to the actual implementation of the TVA in 1971, however, another wave of anticipatory purchasing may be expected in the latter part of 1970.

Marked trade increase

Provisional data for nine months of 1969 show an impressive rise in Belgium-Luxembourg's (BLEU) foreign trade over the similar period in 1968. Total imports amounted to $7,261 million, 17.6% above the 1968 period. Exports totaled $7,215 million, up 17.5% from Jan.-Sept. 1968. Among the commodity groups showing the largest import increases were precious stones, transportation equipment, plastics, and machinery, while transportation equipment, mineral products, plastics, and paper were leaders in export gains.

The strong growth in BLEU's trade may be attributed primarily to the continued favorable economic climate maintained in the European Communities (EC) despite the economic and monetary problems experienced during the year. Thus, the EC accounted for the overwhelming part of BLEU's trade, providing some 58% of its imports and taking about 67% of its exports during the nine-month period.

In contrast to the excellent performance registered by BLEU's total trade, trade between the United States and BLEU exhibited serious effects from the U.S. dock strike at the beginning of the year. Although recovering considerably, imports from the United States amounted to $532 million in the first three quarters, compared with $501 million in the 1968 period, a gain of only 6.2%. BLEU exports to the United States suffered much more, falling 11.2% to $518 million in the first nine months of 1968.

In addition to the customary categories of leading exports to Belgium, the following appear to have excellent sales potential: environmental control equipment, medical and surgical instruments, photographic and motion picture equipment and supplies, paper and paperboard products, toys and sports goods, high fidelity sound recording and reproducing equipment, computers and other data processing equipment, and computerized and numerically-controlled machinery.

Belgium's investment climate remains favorable for foreign investors. The United States is still the major foreign investor, despite lowered investment since the introduction of the U.S. foreign direct investment controls. The volume for 1969, however, rose above 1968, owing to partial relaxation of the controls. The Belgian Cabinet approved a draft law consolidating and updating investment laws. Passage of the law is expected.

CHIEF BLEU IMPORTS FROM THE U.S.: non-electrical machinery, chemicals and products, diamonds, textiles and products, aircraft and parts, grain, and copper scrap. CHIEF BLEU EXPORTS TO THE U.S.: iron and steel mill products, diamonds, automotive vehicles, textiles and products, chemicals and products, non-electrical machinery, and glass and products.

Denmark

Vigorous economy provides market for industry-related import items

By HAROLD A. McNITT
European Division, BIC

The Danish market, enlivened by a vigorous economic recovery, will provide significant opportunities for further U.S. export expansion this year. Because of special factors, however, total U.S. exports will only increase moderately.

Rapid industrial development in Denmark assures continued strong demand for capital equipment, components, and industrial raw materials. This bright outlook is offset, however, by a steep decline in Danish demand for U.S. farm commodities. In addition, the market for consumer goods will be dampened this year by changes in the personal income tax system.

According to preliminary estimates, Denmark's GNP reached nearly $14 billion in 1969 (current prices), representing a real advance of 6%. This compares with a growth rate of only 3% in 1968. While it is too early to estimate this year's growth rate, a further healthy rise is likely.

The economic upturn is also reflected in Danish trade. Imports during the first nine months of 1969 were about 19% higher than the corresponding 1968 period, while exports were nearly 14% higher.

The encouraging outlook is clouded to some extent by Denmark's persistent balance of payments problem. In 1968, the excess of imports over exports reached a record high of $630 million, and an even greater trade deficit was forecast for the full year 1969. To meet this problem, Denmark is rapidly expanding its industrial exports. These were running about 20% higher during Jan.-Sept. 1969 than the previous year. However, heavy demand for imports—both producer and consumer goods—more than offset the export growth.

U.S. market share drops

Danish imports during Jan.-Sept. 1969 reached almost $2.8 billion, an increase of 18.6% over the corresponding 1968 period. Danish imports from the United States totaled $213 million, 2.3% higher than the previous year. The U.S. share of the market thus decreased from 9% in the same period of 1968 to only 7.7%.

The decline in U.S. market share can be traced to a steep drop in Danish purchases of U.S. farm commodities. Agricultural goods still play a significant role in U.S. exports to Denmark, comprising about one-fourth of total U.S. shipments. During the first eight months of 1969, U.S. grain shipments plummeted by 56% from the previous year's value. Likewise, feedstuffs, oilseeds, and fruit all declined. The grain and feed declines are due mainly to record crops in Denmark last year.

U.S. industrial exports to Denmark present a bright contrast. Sales of non-electric machinery—our largest category of exports to Denmark—rose by 11% during the review period. Basic chemicals scored an even more dramatic gain of 46%, while transportation equipment (chiefly commercial aircraft) increased by 13%. These trends are likely to continue through 1970.

Products with particularly good prospects for export to the Danish market this year include synthetic yarns, fine chemicals for the paint and varnish industry, advanced electronic office machines, medical data processing computers, and instruments. The highly diversified Danish industries are investing in advanced machinery to improve their competitive position on world markets.

Spending by Danish consumers will be temporarily dampened this year by a change in the method of collecting personal income taxes. Starting in 1970, Denmark will have a tax withholding system similar in some ways to that in the United States. Personal income taxes will be withheld from wages and salaries on a pay-as-you-earn basis. The immediate effect of the changeover will be a subtraction of taxes from the paycheck. This is expected to discourage consumer spending, especially during the early part of the year.

Inflation remains a persistent problem in Denmark. While consumer prices increased by only about 4% in 1969, it appeared that they were rising more rapidly during the last half of the year. Industrial wages and incomes increased by approximately 10-12% in 1969 and similar increases are anticipated this year.

Efforts to hold price line

The Government is using several measures to restrain inflationary pressures. The Central Bank last May raised the rediscount rate to 9%, highest in Danish history, and exceptionally high interest rates are expected to continue this year. Fiscal measures taken during the past two years included various tax increases and a cautious spending policy by the Central Government. Despite these measures, sharp increases occurred last year in private consumption, housing construction, and capital investment. The economy is approaching full utilization of labor and capital.

Danish business, farm and labor leaders are deeply interested in developments within the European Economic Community which appear to make Danish membership in the EEC a real possibility within the next few years. Denmark—like the United Kingdom, Norway, and Ireland—has applied for full membership in the EEC.

Meanwhile, Denmark continues to benefit from membership in the European Free Trade Association, which also includes the United Kingdom, Sweden, Norway, Finland, Austria, Portugal and Switzerland. Denmark is also cooperating actively with its Nordic neighbors to establish much closer forms of economic cooperation among the four Nordic countries.

CHIEF DANISH IMPORTS FROM U.S.: non-electric machinery, aircraft, chemicals, oilseeds, foodstuffs and feeds, tobacco, electrical machinery. CHIEF DANISH EXPORTS TO U.S.: processed ham, electrical machinery, chemicals, non-electric machinery, mink furskins, furniture, cheese.

XUM

Finland

Surging economy produces record foreign trade; U.S. suppliers should benefit

By HAROLD A. McNITT
European Division, BIC

As the seventies get under way, Finland's economy is operating at a high level of activity. U.S. exports, which were depressed by the 1965-68 slowdown, should benefit from the current upswing.

The groundwork for the current Finnish recovery was laid by a large currency devaluation in 1967, combined with strong efforts to maintain price and wage stability. These moves stimulated Finland's exports, and by the end of 1968 the balance of trade showed a surplus—the first in more than a decade. The inflow of foreign currency eased the tight credit situation, making it possible for firms to invest in new plant and equipment.

The vigor of the boom is readily apparent from the principal economic indicators. Finland's gross national product is estimated to have risen by about 8% in real terms in 1969, bringing the total to about $9 billion. Finnish economists anticipate a further real growth this year of approximately 6%.

Total investment in 1969—public and private—increased by an estimated 15% over 1968, while private consumption went up by about 6%. Exports increased by an estimated 20%.

The Finnish business community, buoyed by the upswing, is investing in new equipment. Capital outlays for machinery rocketed by about 25% in 1969. A significant new factor is the strong influx of investment capital, especially by Swedish firms wishing to take advantage of relatively lower labor costs in Finland.

Despite rapid growth, Finland has succeeded in holding price and wage levels stable. The cost-of-living index last September was only 2.5% higher than the same month of 1968, while the wholesale price index increased by only 3.3%. Relative price stability was achieved by several measures following the 1967 devaluation, the most important of which was the Stabilization Agreement of 1968 (recently renewed to extend through 1970). Backed by all major interest groups in Finland, that Agreement provides a strong wage and price control mechanism. During 1970, labor income is expected to increase by about 5.5% in real terms as a result of the Agreement. The Government has announced that it will not raise taxes and will limit its borrowings this year.

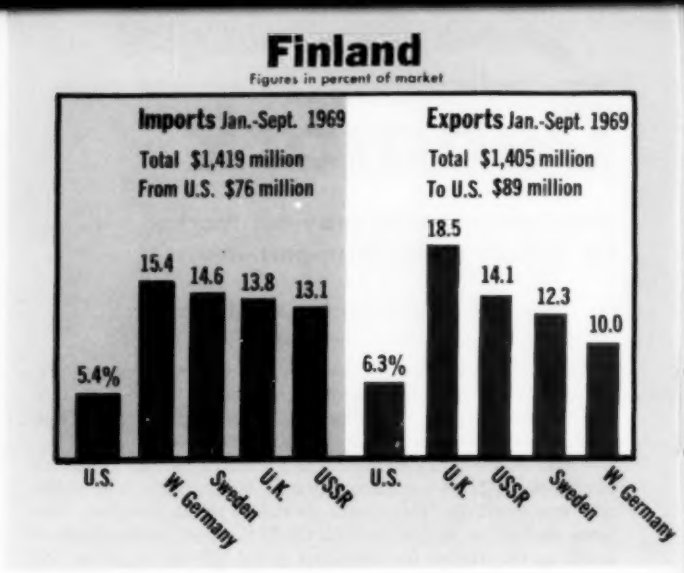
Finland's imports during Jan.-Sept. 1969 reached $1,419 million, an increase of 23% over the corresponding 1968 period. Imports from the United States increased even more strikingly, reaching $76 million —49% higher than the previous year. The U.S. share of the Finnish market during the first eight months of 1969 was 5.4%, compared with 4.4% in the same 1968 period. The sharp increase in U.S. sales was due principally to Finland's purchase of two commercial aircraft valued at almost $20 million for its new trans-atlantic service. Finland recently received a new Export-Import Bank loan to help finance purchase of another U.S. aircraft this year at a total cost of about $10 million.

In addition to the aircraft, Finland bought more capital equipment and industrial raw materials from the United States. U.S. non-electric machinery sales, stimulated by the upsurge in capital outlays, jumped 24% over the previous year; electrical machinery rose 9%; and chemicals surged ahead 17%. Finnish purchases of agricultural commodities from the United States continued to decline, however. A modest increase in tobacco sales was more than offset by a fall in shipments of fruit and vegetables.

U.S. exports of capital equipment, chemicals, and industrial raw materials to Finland should continue to rise this year. Since investment was virtually stagnant during 1965-68, strong pent-up demand still exists for advanced equipment. A recent study by the Federation of Finnish Industries predicts that the heaviest investment during the Seventies will occur in electric utilities (including nuclear power); the woodworking industries (paper, pulp, paperboard, other forest products); chemicals, especially plastics; metals; and other manufacturing. Investment will be somewhat less pronounced in the food processing, textile, and printing industry sectors. The role of research and development will be increasingly significant.

A recent issue of INTERNATIONAL COMMERCE (Dec. 1) listed numerous products which the American Embassy in Helsinki considers especially good export prospects at this time. The list includes food specialties, synthetic yarns and thread, basic chemicals, pharmaceuticals, special valves and fittings, a wide range of industrial machinery, electronic components, instruments, motor vehicle parts and accessories, medical equipment, toys and games. Specialized services are in strong demand, including management consultant, engineering, architectural, accounting, and data processing services.

Several major industrial and public projects are planned or underway in Finland. A huge petrochemical complex, costing about $100 million, is scheduled to start production of plastic materials in 1972. In Helsinki, work is progressing on a new subway, the first section of which will cost an estimated $75 million. Finland's first automobile assembly plant, Saab-Valmet, was scheduled to produce its first Saab 96 automobiles late in 1969. Another Finnish company will soon begin trial assembly of Volkswagen 1200's, incorporating Finnish-made tires, batteries, and glass.



CHIEF FINNISH IMPORTS FROM U.S.: commercial aircraft, non-electric machinery, foodstuffs, tobacco and products, electrical machinery, plastics, chemicals. CHIEF FINNISH EXPORTS TO U.S.: paper and paperboard, plywood and particle board, machinery, hides and skins, pulp, pig iron, miscellaneous manufactures.

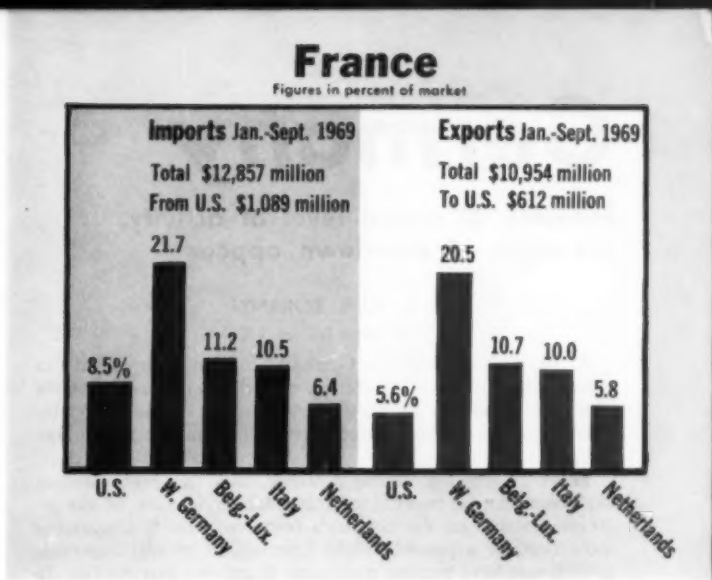
France

Slackening of economic growth likely as stabilization program takes hold

By ALEXANDER DAUMAN
European Division, BIC

French imports from the United States in 1970 should increase above their estimated 1969 record of $1.4 billion. The increase may be moderate, however, due to an anticipated slackening of French economic growth.

Following the 11.1% devaluation of the franc in August, the French Government introduced an economic stabilization program of budgetary and credit restraints aimed at curbing domestic demand, slowing down imports, and expanding exports. Along with these goals, the program is designed to scale down inflationary pressures gradually, without causing a recession and serious unemployment.



The economic growth rate for 1970 is officially forecast at 4% in real terms, and 8.8% in value. The corresponding 1969 growth rates are estimated at 8.6% and 15.4%, and the 1969 GNP—converted at the new rate of the franc—at $130 billion.

In October and November several signs pointed to some progress in the Government's efforts to restore confidence and cool off the economy. A widespread scepticism about the prospects for stability subsided. Precautionary buying, reflecting an inflationary psychology, virtually disappeared. Private savings began to rise. Although still large, the monthly trade deficits in October and November were somewhat smaller than in several preceding months. Improvements in other balance of payments elements resulted in a net gain in foreign exchange of $374 million in November through Dec. 12.

In addition, price increases have slowed down since July so that the rise during 1969 probably was not over 6%. It is generally expected that price performance will improve in the months ahead in spite of wage increases, estimated at 8.4% in 1969, and in spite of the effects of the devaluation.

Polls of French businessmen conducted in November by the French Statistical Institute (INSEE) indicate a slowdown of consumer demand. As a result, the growth of production of consumer goods is rapidly losing momentum. A gradual slackening of production growth is anticipated by the capital goods industry. In both sectors a decline in the rate of new orders has been noted. However, partly due to strong export demand, order books for capital goods are well-filled and assure several months of intensive production.

French imports from the United States increased in Jan.-Sept. 1969 to $1,089 million, a gain of 13% over the first three quarters of 1968. The rise was largely due to advances in French imports of computers, other office machines, electronic components, materials handling and construction equipment, pumps and compressors, paper products, automobile parts, steel, and aluminum.

However, total French imports climbed 30% to $12,857 million. The U.S. share of the French market declined from 9.7% to 8.5%, whereas that of the EEC countries rose from 46.3% to 49.7%.

French imports of U.S. goods in 1970 will be mainly influenced by demand trends, rather than by the devaluation. Although prices of U.S. industrial products have increased in terms of the devalued franc, prospects for capital goods—the major U.S. export to France—should be generally good since such goods compete there on the basis of their technological quality.

U.S. trade performance in France will be boosted by massive deliveries of airliners, including several jumbo jets. Other items with favorable export opportunities include computers, other electronic systems and instruments, electronic components and labor-saving equipment.

In general, the opportunities for machinery exports to France in 1970 should be fairly good. French private outlays on plant and equipment are projected to rise by 7.8% in real terms, compared with an increase of 15.3% in 1969.

U.S. businessmen should remain alert to the long-term French objective of enlarging France's industrial base by the creation in many sectors of modern, competitive, and powerful industrial units. The latter will be prime customers for technologically-advanced U.S. capital goods. Firm plans have been announced for further extensive expansion of the French steel and chemical industries in the next several years. Also of interest is the planned expansion of superhighways and tourist facilities.

The recent international monetary adjustments combined with the prospects for a less expansive French demand and for a continued, although slower, economic growth of France's major trading partners should favor expansion of French exports. As a result, French industrial production and the demand for raw materials and semi-manufactured goods should remain at high levels in the months ahead. The revaluation of the mark will generally facilitate competition by U.S. suppliers with those from Germany.

However, U.S. producers of some commodities—for example of chemicals—may find it more difficult to compete with French manufacturers due to the devaluation of the franc. The slowdown in the rate of French consumption will have little direct impact on U.S. trade, since consumer products represent a small part of French imports from this country.

The new U.S. Trade Center in Paris will present several exhibitions of technologically advanced U.S. products in 1970. In addition, U.S. exhibitions will be held at French trade fairs, such as MESUCORA in May-June.

CHIEF U.S. EXPORTS TO FRANCE: machinery, chemicals, aircraft, instruments, metals, feedstuffs, motor vehicles. CHIEF U.S. IMPORTS FROM FRANCE: steel, machinery, beverages, chemicals, tires, automobiles, aircraft.

XUM

Germany

Economy at record level of activity, but signs of slowdown appear

By KARL KORANYI
European Division, BIC

At the end of 1969 the German economy was moving to record peaks of activity offering new market possibilities for American products. Economic activity is being decisively influenced by the sustained strong growth of domestic and foreign demand.

There is growing doubt, however, that the high rates of expansion can be maintained much longer in view of the increasing strain on the country's resources; the first scattered indications of a possible slight tapering off of real economic growth rate have become noticeable. It appears that the Oct. 26 currency revaluation has, for the present, not basically altered the economic picture but will do so over the course of 1970.

Real growth of the gross national product during the first half of 1969 was put at close to 9% over the GNP level in the corresponding period of 1968, and it appears likely that when the final results for 1969 become available real growth will approximate 7%, which is comparable to the 7.6% growth recorded for the recovery year 1968. There are indications that investment demand will continue high during the first half of 1970; imports of capital goods will increase sharply in this period. In the second half of 1970, however, industrial investment will slacken, which may result in a drastic flattening of the investment growth rate as industrial production begins leveling off.

Preliminary estimates put the real growth rate of the GNP in the first half of 1970 at 5.5% over the level reached in the corresponding 1969 period and 3% for the second half of 1970. Profit margins and business liquidity appear to be declining somewhat and reports on the expectations of business leaders show less optimism than was the case a few months ago.

Consumer income has gone up fast. Since September wage and salary increases have been granted hectically and have increased net hourly earnings by 12% and more over the corresponding period of 1968. Thus, production costs are going up at a time when manufacturers still appear in a position to pass the cost increases on in the form of higher prices.

Of late, as was to be expected, consumer prices also have been affected by these price increases. Only the reduction of agricultural prices following the currency revaluation counterbalanced to some extent the general upward movement of prices.

The strains on industry and commerce are reflected not only in the steep rise of prices but also in the number of unfilled orders, lengthening delivery terms, shortage of labor and increasing import demand. For the immediate future import demand will continue strong and new possibilities for American sales are especially favorable for specialized machinery and equipment.

The Germans are also greatly interested in American consumer goods. Demand in this category is particularly strong and should offer opportunities for U.S. products new to the German market. There is considerable interest in newer types of consumer durables, furniture and floor coverings. In addition, boating items and other sporting articles as well as camping equipment should find ready markets, especially if prompt deliveries can be made.

In view of the unexpected continued strength of domestic demand, fiscal policy has played a counter-cyclical role. Several hundred million dollars in budgeted Federal expenditures were blocked for 1969, mainly in the areas of defense and transportation, and it appears almost certain that total actual outlays for the full year 1969 will fall short of budgeted figures by considerably more than the amounts now blocked. On the revenue side the government has received higher than anticipated tax receipts which made it possible to reduce planned borrowings and to set up a counter-cyclical contingency fund.

Thus, instead of a budgeted billion dollar deficit, a substantial Federal cash surplus may show for 1969. The net result for the entire public sector, including state and local authorities, will probably be a moderate cash surplus and a reduction of the public debt.

Monetary policy also has operated more along restrictive lines, modified, however, by the desire not to impair drastically the outflow of German capital or invite foreign capital influx. In fact, the increased par value of the national currency may induce new German investments abroad, including the United States, and at the same time alleviate the chronic shortage of domestic labor.

The revaluation of the German mark, designed primarily to eliminate the persistent German balance of payments disequilibrium, is likely to result in a decrease of the large trade surpluses and of long term capital exports as well. Beyond the effect on the balance of payments the revaluation will, through price-induced changes, tend to reduce the previous excessive demands on the domestic economy gradually, with the result that a larger part of the national product can be used at home than was possible before.

American exporters have not been able to take full advantage of the increasing German import potential and the U.S. market share has been shrinking in the last few years.

MAJOR GERMAN IMPORTS FROM U.S.: edible fats and oils, machinery, chemicals, raw tobacco, electrical equipment, motor vehicles, aircraft. **MAJOR GERMAN EXPORTS TO U.S.:** machinery, chemicals, motor vehicles, rolling mill products, textiles and textile products, optical and precision instruments.

Greece

Vigorous economic activity spurs imports; U.S. sales up 84% through October 1969

By WILLIAM E. CORFITZEN
European Division

Overall Greek imports are expected to increase by 10% in 1970 as the economy enters the third year of an ambitious development plan (1968-72). The exceptionally high level of sales which the United States registered in this market last year is expected to decline during 1970 to a level of $150 million, and our temporarily large share of the Greek import market should revert to our usual 8% share.

U.S. exports to Greece in the first 10 months of 1969 increased 84% over the same period last year. Leading this expansion were deliveries of U.S. machinery and transport equipment, which almost tripled, amounting to 65% of U.S. exports to Greece.

Much of the 1969 increase reflects orders placed in previous years in connection with various recently completed U.S. investments in Greece concentrated chiefly in petrochemicals, industry and mining. In addition, Greece's poor 1968 harvest caused a temporary expansion of U.S. agricultural shipments during 1969.

The long-run trend is unfavorable to the United States because Greek associate membership in the European Economic Community (EEC) calls for the progressive reduction in tariff barriers between Greece and the Community, and because of the greater willingness of European suppliers to provide supplier credits. Greece's associate membership in the EEC is obliging Greek producers to become more competitive on the world markets and will eventually boost Greek industrial exports.

Industrial growth continues

Led by a construction boom, the Greek gross national product at factor costs, expressed in constant 1958 prices, grew approximately 8% in 1969 as compared with only 4.5% in 1968. The construction industry suffered from a recession in 1966-67, but has been revitalized by means of extensive credits.

In the first 10 months of 1969, industrial output, agricultural production, and the contribution of the service sector have all shown a significant improvement.

This higher level of economic activity during the first three quarters of 1969 necessarily put pressure on imports in the form of increased demand for capital equipment.

To achieve these ends the Greek Government has encouraged and relied on private enterprise to undertake the bulk of economic development and to balance regional growth. During the past year this country's infrastructure has been strengthened by a program of rural electrification, road construction, water supply projects, and new housing starts.

Programs in the sectors in which the government has participated in economic development have called for deficit spending in public works. These sectors, (utilities, communications, and other services) have been those neglected by private enterprise and are largely of an accommodating nature. This increasing industrial activity offers many opportunities for the sale of commodities which have done well in the past with emphasis on capital equipment.

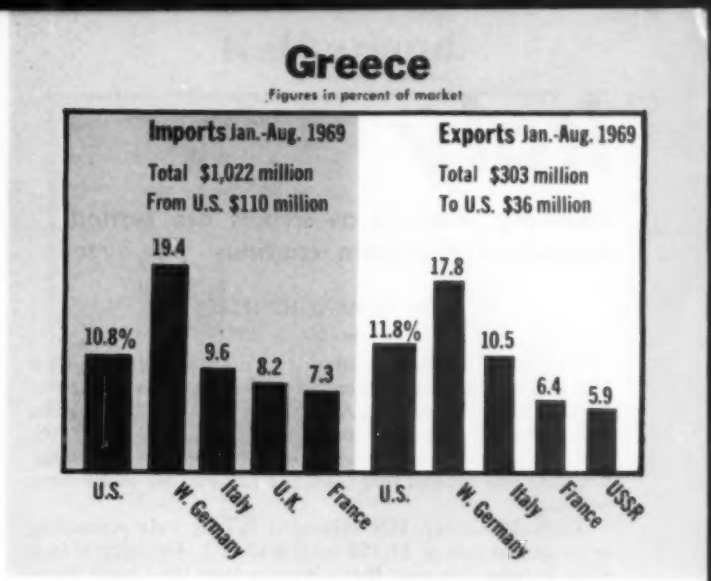
In addition, investments in the sectors of tourism, agriculture, and transportation and communications will create a demand for equipment for new hotel facilities, water purification plants, food processing operations, and communications facilities —particularly for the proposed national television network and the new earth station for satellite communications.

This industrial activity also offers many opportunities for the sale of U.S. highway construction machinery and related products which are needed to expand the main and secondary road network, and to modernize port and airport facilities. The year 1970 should also provide American suppliers with opportunities in the area of conventional and nuclear power installations, for both the sale of equipment and engineering services.

In the past the Greek balance of services has constantly shown a surplus, but together with the favorable net balance on the capital account, these surpluses have rarely been sufficient to cover the deficit on the trade account. This has been due to Greece's historic inability to stimulate exports to the necessary extent. The present hope is for a continuation of Greece's expanding sales abroad of aluminum and cotton goods. Receipts from tourism and shipping are also an important source of foreign exchange earnings which not only contribute to growth but also help to maintain the present flow of Greek imports.

During the first 10 months of 1969 invisible receipts totaled $655 million and were 10% higher than the same period a year earlier. Tourist receipts climbed 30% to $131.8 million, while emigrant and workers remittances rose 17% to $226.7 million and receipts from shipping remained unchanged at $296.5 million.

Over the years the Greek trade deficit has been expanding, although it has done so at a declining rate since 1967. Since the trade deficit is only partially offset by invisible receipts and by medium and long term capital inflow, including loans, balance of payments considerations will continue to act as a limiting factor when decisions are made affecting the economy and the level of imports. The official foreign exchange reserves amounted to $284 million at the end of October, approximately equal to three months' imports.



GREECE'S CHIEF IMPORTS FROM U.S.: machinery and transport equipment, corn, telecommunications equipment, power generating machinery, dressed furs, clothing and road motor vehicles. GREECE'S CHIEF EXPORTS TO U.S.: tobacco, aluminum, vegetables, crude minerals, nonferrous ores, alcoholic beverages and textiles.

XUM

Italy

Economy recovers as strikes are settled; businessmen remain cautious, however

By RICHARD HUMBERT
European Division, BIC

The Italian economy continued its rapid rate of expansion into the third quarter last year, until the wave of strikes paralyzed much of the country. Although data are not yet available, indications are that 1969 imports still rose 20% over 1968; even though forecasts in early December pointed to another large increase for this year (23%), a 12-14% rise seems more realistic.

Through October, U.S. shipments to Italy were proceeding at an annual rate of $1,350 million (f.o.b.). Assuming even a 10% increase this year, Italy's imports from the United States might reach $1.5 billion.

Now that most of the major strikes have been settled, it is assumed that economic activity will accelerate as industry strives to make up losses incurred last fall. The year-end assessment of the OECD concluded that real gross domestic product might still increase upwards of 7% this year.

The rationale for this projection is based on these assumptions: total fixed government investment will increase to about 0.5% of GNP; monetary policy, although tighter than last year, will not restrain the growth of domestic demand; real domestic demand should accelerate with a sharp rise in the early months as stocks are replenished.

Despite the slowdown, 1969 real GNP is estimated to have risen 6%—an impressive record when compared to other industrialized nations—instead of the 6.8 to 7.0% envisaged before the strikes.

Inflation sets in

Businessmen were still adopting a cautious outlook at the end of last year; the political situation also remained uncertain. Wage increases and shorter hours in the key metal-mechanical and other industries will raise labor costs 25-30% over the life of the contracts. Productivity will thus have to rise appreciably to offset these increases, or profits will be squeezed and prices are likely to rise. The increased purchasing power in the hands of labor will also push up demand and, most certainly, prices.

For the first time in several years, inflation has become a fact of life in Italy. In the first nine months last year, the cost of living index increased by 3% and the index of wholesale prices rose by 4.7%. Furthermore, these price developments are likely to have a decisive effect on the ability of Italian firms to continue increasing exports at the same pace as last year.

Italy's exports jumped 17% to $10,183 million in 1968, while aggregate imports rose 16% to $10,253 million, of which 11.8% or $1,193 million was supplied by the United States. Through August of last year, Italy's imports had risen 27% over the same period in 1968 to $7,990 million, with the U.S. share approximately 11.5% or $920 million.

Although imports of coal and raw cotton have declined significantly, categories showing significant increases included non-electric and metal working machinery and telecommunications equipment.

Italian exports to the United States jumped a whopping 21% in 1968 to $1,089 million, accounting for 10.7% of total exports. Through August 1969, Italy's exports to the United States had reached $866 million, accounting for 11% of its total.

The balance of payments will continue to bear close watching. Political uncertainties last year and speculation on revaluation of the deutschemark led to considerable capital outflows, which the Government was largely unable to stem, and the balance of payments registered a $1.3 billion deficit to mid-November.

ITALY'S CHIEF IMPORTS FROM U.S.: feeds and grains, aircraft and parts, oil seed and cake, coal, raw cotton, scrap iron and steel, chemicals, machinery, lumber, pulp. ITALY'S EXPORTS TO U.S.: leather shoes, knitwear, motor vehicles and parts, natural and man-made fiber fabrics, typewriters and calculating machines, food products, beverages.

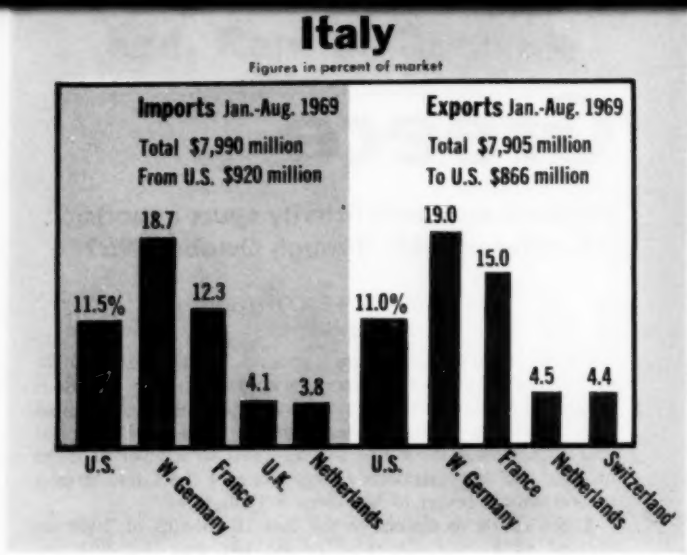
Nevertheless, opportunities for continued expansion of U.S. exports should be excellent if the economy resumes its upward movement. Consumer demand will rise well into 1970 and substantial new investments are programmed for both public and private sectors.

The Government's draft budget for this year included appropriations for $586 million of public works in the south, $144 million for highway construction, $28 million for civil airports and related installations, and $75 million for new school construction.

The Confederation of Italian Industries, in its annual survey of investment plans of industry, estimates new fixed industrial investment during 1970 of about $4.5 billion, including those effected by the public, state-controlled industries.

Industries planning the largest investments in the manufacturing sector are: automotive—$940 million, chemical—$560 million, metallurgy—$380 million, petroleum and coal derivatives—$175 million, textiles—$165 million, food processing—$150 million, and paper and printing—$150 million.

The continuing movement in Italian industry toward modernization, mechanization, automation and the use of modern management techniques also suggests expanding trade opportunities. As the focal point of the U.S. trade expansion program in Italy, the U.S. Trade Center in Milan will stage exhibits featuring the following commodities: February—photography in science and industry; March—industrial air quality treatment equipment; April—food processing machinery; May—chromatography and spectroscopy equipment; and transducers will be featured in June.



Netherlands

Less vigorous economic growth seen for 1970; trade also likely to moderate

By CATHERINE MILLER
European Division, BIC

Following the substantial progress achieved in 1969, a more moderate rate of growth is foreseen in 1970 for both the Netherlands economy and for its foreign trade.

Heavy investment in industrial equipment in 1969 and high industrial production point to a continuing favorable market for U.S. technological goods. A slower industrial growth rate is expected for 1970 owing to full utilization of production capacity and prospects of a 1.5% cut in work hours, limiting the increase in labor productivity.

Exports at present are the main force behind current business activity, but the rate of export expansion in 1970 will be lowered and will more closely follow the pattern of demand. Lower sales growth will reduce stockpiling and inhibit somewhat the level of imports.

Gross National Product for 1969 increased by 4.8% in real terms over 1968. For the first time, GNP topped 100 billion guilders ($27.6 billion) totaling just under $28 billion in current prices compared with $25.2 billion in 1968. A lower rate of increase, 4% in real terms, is foreseen for 1970.

The key government consideration at this time is to maintain control over the inflationary threat of the wage-price spiral, through application of stringent monetary and fiscal policies. Measures applied by the Government to reduce the wage-price spiral include: postponing increases in the rates of the tax on value-added (TVA); maintaining through 1970 and 1971 the temporary increase in the personal property tax and the present corporation tax of 46%; delaying the elimination of the purchase tax on investment outlays; reintroducing credit restrictions; and postponing an increase in house rents.

The general price freeze ordered last April brought sufficient stability to the price index, so that it was lifted on Sept. 4. Simultaneously, a new price regulation allowed firms to pass on any increases in their external costs to their customers, but also included the proviso that any decreases in cost were likewise to be passed on to consumers.

The Government hoped to keep the consumer price rise for 1969 to 7%. With substantial wage demands expected in 1970 and with increased TVA rates coinciding with a rent increase in July 1970, the Central Plan Bureau optimistically estimates a consumer price rise of 3.5%-4%. Further, an increase of 5% in contract wages is forecast, as well as a 7% increase in wage costs and a rise in real disposable income of 2.5%-3%.

With foreign demand the chief business incentive, the Dutch expect to maintain their competitive position in 1970, increasing total imports by 7% and exports by 9%. Total Netherlands imports for the first ten months of 1969 were valued at $8,995 million, up 17.4% from $7,663 million in the corresponding period of 1968. Exports increased even greater, 19.9%, to $8,210 million from $6,848 million in the comparable months of 1968.

Major increases were registered in imports of iron and steel, electric machinery, mineral fuels, automobiles, plastics, and certain textile items. The greatest gains in exported commodities occurred in mineral fuels, machinery, iron and steel, plastics, and some agricultural products.

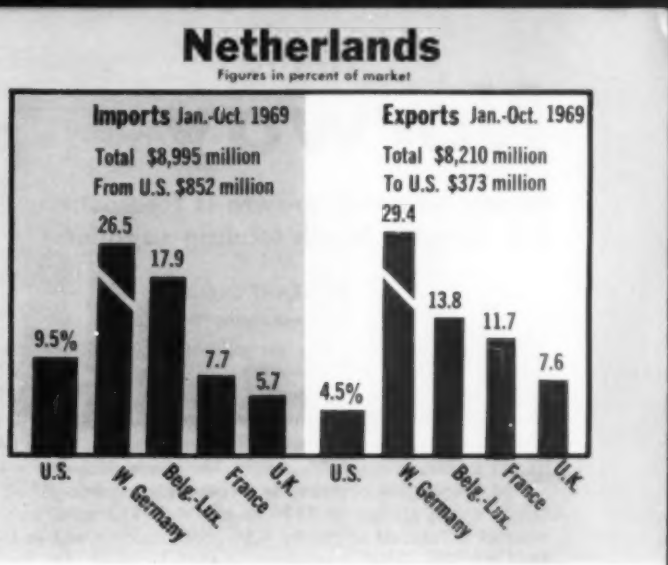
The countries of the European Communities were the primary trading partners of the Netherlands, supplying about 57% of Dutch imports and taking nearly 60% of Netherlands exports. The Federal Republic of Germany and Belgium-Luxembourg were the leading suppliers (followed by the United States) and were also the foremost customers of the Netherlands.

In contrast to total trade, which made very strong advances, trade with the United States at the end of the year still exhibited negative effects from the dock strike early in 1969. As a result, imports from the United States for the first ten months of 1969 rose to $852 million, only 2.9% over the results achieved in the like 1968 period. Exports to the United States rose even less, 2.5%, totaling $373 million.

This uninspiring performance of trade between the United States and the Netherlands has resulted in a lower share of the Dutch market for the United States. Whereas the United States share has customarily averaged about 11% over the years, it dropped to 9.5% in the first ten months of 1969 from 10.8% in the similar 1968 period. Similarly, the share of Dutch exports taken by the United States declined to 4.5% from 5.3% in the same months.

There are a number of U.S. products with attractive sales opportunities in Holland: agricultural machinery, automotive parts and maintenance equipment and supplies, electronic data processing equipment, environmental control equipment, food service equipment, food packaging equipment, household and office furniture, industrial safety equipment, medical equipment, office supplies and machinery, fluid power equipment, packaging equipment, printing and bookbinding equipment, hand tools, teaching aids and equipment, telecommunications equipment, and scientific, industrial and technical instruments.

NETHERLANDS CHIEF IMPORTS FROM U.S.: oleaginous seeds and fruits, aircraft and parts, grains and products, non-grain fodders, organic chemicals, machinery and appliances, electrical equipment and machinery. **NETHERLANDS CHIEF EXPORTS TO THE U.S.:** meat and meat products, electrical machinery and equipment, steel mill products, office machinery, flower bulbs, musical instruments and records, petroleum products.



XUM

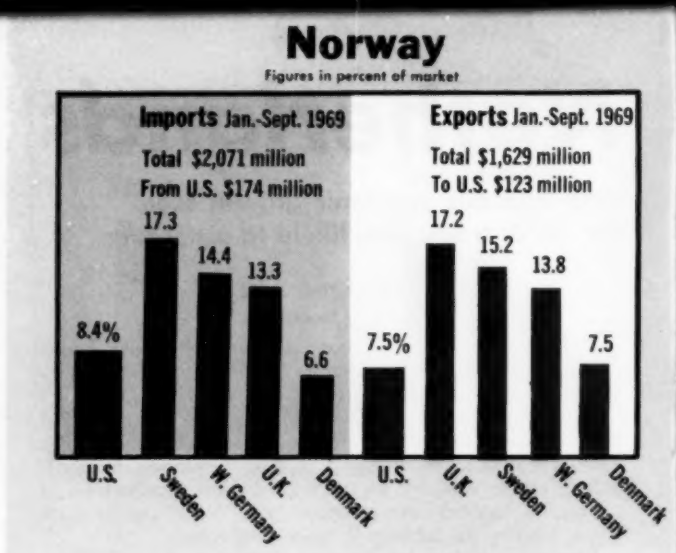
Norway

Steady economic growth is forecast; U.S. remains fourth leading supplier

By GRANT OLSON
European Division, BIC

American exporters may expect to find a favorable market for U.S. products in Norway during 1970. The level of demand, especially for consumer goods, may vary because of the introduction of a 20% value added tax on Jan. 1, 1970. Demand for industrial raw materials, machinery and equipment should be well sustained.

The Norwegian economy is forecast to maintain about the same rate of growth in 1970 as in 1969. The gross national product is forecast to rise by 4.5% both in 1969 and in 1970. In 1968 the GNP was given as $10.1 billion (at current prices).



Norwegian industry is operating at near capacity levels and employment is high. Business confidence continues strong, as reflected in investment plans which show considerable expansion for the coming year. In 1968 investment in machinery and equipment (other than ships) totaled $1.1 billion. Business surveys indicate a 5% increase in investments in the current investment period with an increase of 6.5% contemplated for the 1969-70 period.

Another encouraging feature of the Norwegian economy is the favorable inflow of orders both from domestic and foreign sources. The latest official index shows a noticeable improvement in the orders-on-hand position of industry in general.

The year 1970 witnessed the inauguration of one of the most sweeping changes in the Norwegian taxation system in many years when the 20% value-added tax became effective. This tax places a larger burden on consumption with about 72% of consumption goods and services becoming subject to taxation. Under the previous single-stage general sales tax of 13.64%, about 65% of private consumption was affected. Because under the new value-added tax, investment goods enjoy a de facto exemption, the Norwegian Parliament placed a separate investment tax of 13% on investment goods. To compensate for the increased tax on consumption the Norwegian Parliament lowered taxes on income and property and increased children's allowances and old age pensions.

There is uncertainty as to what extent the new value-added tax will affect retail sales, especially sales of consumer durables. Reports from Norway indicate that there was increased buying of consumer durables during 1969 in anticipation of the higher value-added tax.

The introduction of the value-added brings the Norwegian tax system in conformity with similar systems already introduced in Denmark and Sweden.

The Norwegian merchant marine is one of the country's most important earners of foreign exchange.

The first half of 1969 witnessed the first decline in the size of the merchant fleet, which had shown a steady increase through the past decade. The year 1970, however, is expected again to show a sharp increase in ship imports. On July 1, 1969 there were 313 ships with gross registered tonnage of 7.8 million under construction or on order for the account of Norwegian shipowners. About 30% of these ships are on order with Norwegian shipyards.

Trade shows marked rise

Imports into Norway during the period January-September 1969 were valued at $2.1 billion, an increase of 3% over the same period in 1968. If imports of ships, which were unusually low in 1969, are omitted from the total import figure, the value of imports during the first nine months of 1969 increased 21% over the first nine months of 1968. Sweden was Norway's leading supplier, followed by the Federal Republic of Germany and the United Kingdom.

Norway's exports during January-September 1969 were valued at $1.6 billion, an increase of 17.9% over the like period in 1968.

NORWAY'S CHIEF IMPORTS FROM U.S.: machinery, aircraft and parts, chemicals, oilseeds, fruit and vegetables, petroleum products, tobacco and tobacco products. NORWAY'S CHIEF EXPORTS TO U.S.: aluminum, fish products, machinery and machinery products, artificial fertilizers, furs and skins, iron and steel.

U.S. market share increases

Norway's imports from the United States had a value of $174 million during the period January-September 1969. This represents 8.4% of Norway's imports during the January-September period as compared with 7.1% for the year 1968. The United States retained its position as Norway's fourth most important supplier. The delivery of commercial aircraft to the Scandinavian Airplanes System again in 1969 played an important role in the level of Norway's imports from the United States. Transport equipment accounted for about 23% of Norway's total imports from the United States.

Norway's imports of machinery and equipment continued to grow in 1969. Imports of non-electrical machinery, valued at $29.7 million, represented 17% of total imports from the United States during the first nine months of 1969 and accounted for 12.5% of total Norwegian imports of non-electrical machinery.

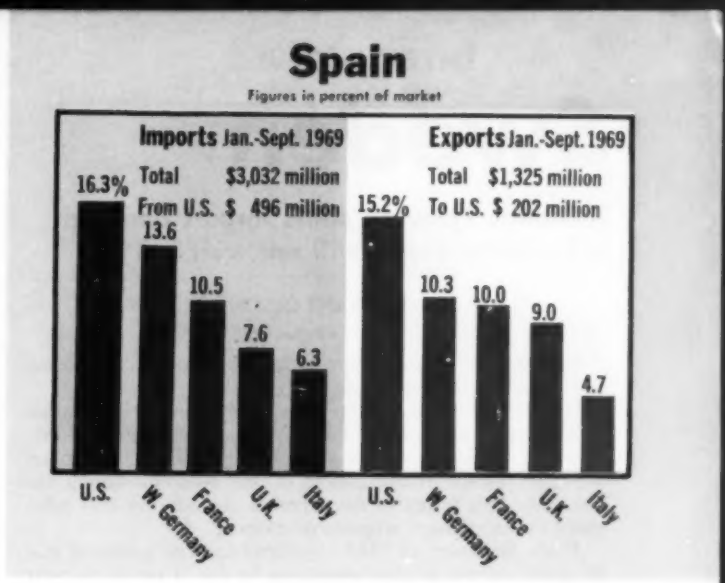
A major share of Norway's imports from the United States showed increases during 1969. The two bulk commodity categories of grain and tobacco showed decreases in imports.

Norway's exports to the United States were valued at $123 million during January-September 1969. This represented an increase of 4.6% over the like period in 1968 and accounts for 7.5% of total Norwegian exports.

Spain

Economy expanding rapidly, but import picture is cloudy; inflation threatens

By BRIAN R. FURNESS
European Division, BIC



The spectacular growth of the Spanish economy in 1969 should carry over into 1970, although perhaps at a reduced rate. The import picture, however, is clouded by Spanish adoption of measures to reduce the rate of import growth and Spain's large trade deficit. While imports are not expected to increase as rapidly as in 1969, opportunities for U.S. exporters should remain good.

The recession and uncertainty which characterized the Spanish economy in 1967 and 1968 have vanished in a wave of business activity that propelled the economy to an estimated real increase in GNP of over 8% in 1969 —compared with only 4.4% in 1968.

However, rapid import growth has led to a widening of the critical trade gap and considerable pressure on Spain's balance of payments and international reserve position. In December, the Spanish Government announced an advance deposit scheme for imports clearly designed to hold import growth to more manageable levels. Through Dec. 31, 1970, importers will be required to deposit (interest-free) in advance 20% of the value of imports with the Bank of Spain for a period of six months. The full effect of this scheme is difficult to predict, but it could significantly affect Spanish imports as most importers will find it necessary to finance the advance deposit. As Spanish banks currently have relatively little liquidity, money may be difficult to come by. Although the measure is primarily expected to reduce import demand for consumer goods, all imports are affected at present.

The 1969 expansion in business activity was broadly based and should continue at least through the first half of this year. Final figures for 1969 are not yet in, but private industrial investment could have risen as much as 10%, construction by as much as 14%, and industrial production by over 15%. Further contributions to rapid growth were made by Government spending, which was expansionary during 1969, and a sharp rise in consumer expenditure stemming from increased employment, longer hours worked, and wage increases which occasionally reached 10% despite Government price and wage controls.

Although the cost-of-living index rose only about 3% in 1969, the Spanish economy shows considerable potential for inflation in 1970. As the expansion of business activity soaks up idle productive capacity and the economy approaches full capacity, there may be considerable pressure on prices. Substantial wage increases are expected to be negotiated in 1970, further increasing inflationary pressures. Additional Government measures to restrain growth may be necessary to avoid repeating the inflation that pushed up prices in 1966 and 1967.

Thus, the rate of real growth in GNP —estimated at over 8% in 1969 to about $26 billion—should decline somewhat in 1970, perhaps closer to the 5.5% rate targeted in the Second Economic and Social Development Plan.

Trade fuels expansion

In the first ten months of 1969, Spanish imports rose 23% over 1968 to record levels of $3.5 billion. Due largely to the effects of the East Coast dock strike during the first quarter, imports from the United States rose only 14% to $571 million in the first ten months over the similar period for 1968. The U.S. share of the Spanish market fell slightly to 16.6%, still sufficient for the United States to retain its number one supplier ranking.

Spanish exports rose 18%—versus 14% in 1968—in the first ten months of last year to $1.5 billion. Also affected by the dock strike, Spanish exports to the United States during the first ten months rose only 9% to $230 million and the United States remained Spain's principal customer. In 1968, Spanish exports to the United States rose 38%.

The gap between imports and exports expanded very sharply in 1969, putting considerable pressure on Spain's balance of payments. Although Spain normally runs a substantial deficit on trade, receipts from tourism—over 20 million visitors spending over $1 billion in 1969—and emigrant remittances have generally caused Spain's balance of payments to show only a moderate deficit or a small surplus. However, the strong import demand and only moderate growth in tourist earnings in 1969 probably resulted in a considerable deficit for 1969.

Among the commodities offering the best sales potential at present and in the months to come are: tobacco, coal, organic chemicals, power generating machinery, materials handling equipment, agricultural machinery, scientific and technical instrumentation, transportation and electronic data processing machinery. In March, the Department of Commerce is sponsoring Expo-Maq '70 in Madrid, a solo exhibition featuring U.S.-made food processing and packaging machinery, air conditioning machinery and commercial and industrial refrigeration equipment.

The recent extensive cabinet change in Spain has reaffirmed and strengthened the control of the technocrats responsible for Spain's galvanic growth of the last ten years. The new Cabinet has reaffirmed the importance of foreign investment in Spain, particularly investment from the United States, and is expected to further spur the modernization of industry.

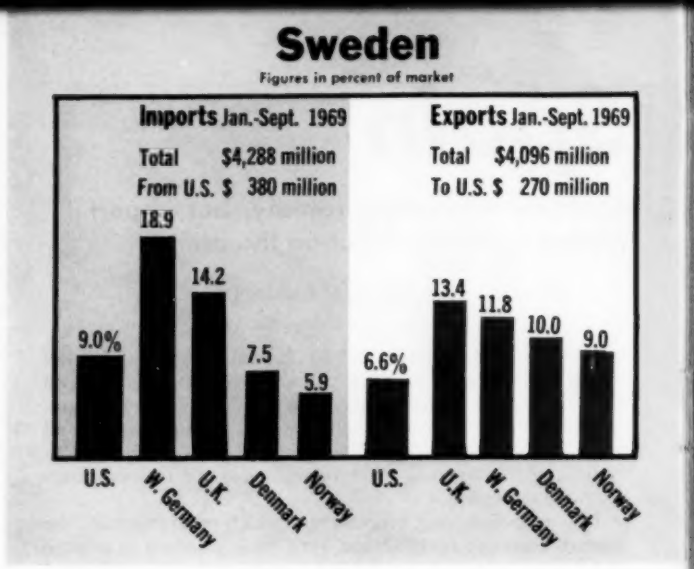
SPAIN'S CHIEF IMPORTS FROM U.S.: soybeans, tobacco, coal, organic chemicals, construction machinery, electric and power generating equipment, aircraft. SPAIN'S CHIEF EXPORTS TO U.S.: footwear, textiles and clothing, olives and canned vegetables, olive oil, chemicals, office machinery, furniture.

XUM

Sweden

Economic upswing spurs import demand; U.S. capital goods will sell well in 1970

By GRANT OLSON
European Division, BIC



Prospects for a steady demand for U.S. products in Sweden in 1970 are relatively good.

The marked upswing in the Swedish economy which started in the last quarter of 1968 has continued throughout 1969. A strong demand for Swedish export products has been an important factor in the growth of the economy during the past year. This favorable development of trade has also influenced the investment program of industry.

At the beginning of 1969 an official forecast predicted that the gross national product would rise by 4%. Later in the year the forecast was revised upward with the expectation that the GNP would rise 4.5%. The 1968 GNP totaled $27 billion.

The latest surveys made in Sweden reflect continuing business confidence. An indication of this confidence is the reported plans of Swedish business to continue their investment programs despite a tight credit squeeze which the Swedish Government found necessary to impose at mid-year as one of the measures to stem the heavy outflow of foreign exchange. An improvement in company profits is given as one of the reasons companies have been able to carry out the self-financing of investments in plant and machinery.

Important sectors of the Swedish economy report an increased flow of new orders. The engineering and metal workshop industries report a 20% greater inflow of new orders in the third quarter of 1969 than in the like period in 1968. New orders received by the shipbuilding industry during the third quarter were reported to be up 46%.

There has also been a sustained demand for Swedish forest products throughout most of 1969. The traditional Western European markets have provided a steady outlet for forest products. In addition, there has been an increased demand by overseas buyers. Current outlook reports are more cautious about the market for forest products in 1970. Increased competition is expected from Canadian and United States exporters, which may affect the sale of Swedish products in Western Europe.

Swedish prices have moved upward rather gradually. Import prices have risen somewhat more rapidly than export prices. This has adversely influenced Sweden's terms of trade. However, export prices are reported to be improving somewhat, which should better the terms of trade.

Sweden's foreign trade has continued to grow in 1969. During the first nine months of the year, Sweden's imports from the world totaled $4.3 billion, an increase of 15.4% over the same period in 1968. Sweden's import trade with both the EFTA countries and the EEC countries showed marked increases. Imports from the EFTA countries, totaling $1.6 billion, increased by 23.1% and imports from the EEC countries, valued at $1.5 billion, increased by 15.8%.

Within the EFTA area trade with the other Scandinavian countries is growing. During the period January-August 1969 this import trade increased 25%.

EFTA trade is heavy

Sweden's exports to the world, valued at $4.1 billion, increased by 14.1% during the first nine months of 1969. As in the case of imports, the EFTA countries were Sweden's most important trading partners with respect to exports. During this period 42% of total Swedish exports went to the EFTA area. The EEC provided a market for 34% of Swedish exports. Within the EFTA area, the Scandinavian countries (Denmark, Norway and Finland) took 21% of total exports.

Swedish imports from the United States, which totaled $380 million during January-September 1969, increased by 7.5%.

The United States share of Sweden's import trade was 8.8% during the period under review as compared with 9.2% for the year 1968. As a supplier, the United States ranked third after Germany and the United Kingdom.

The largest item among Swedish imports from the United States in 1969 was non-electrical machinery valued at $86 million. This category accounted for 26% of Swedish imports from the United States and for 16.9% of total Swedish imports of non-electrical machinery.

Most categories of goods imported from the United States showed increases except for such commodities as grain and grain products, tobacco and tobacco products, coal, plastic raw materials, yarns and fabrics.

Swedish exports to the United States, valued at $270 million, declined by 7% during the first nine months of 1969.

Two categories accounted for most of the decline. These were copper products and passenger automobiles. The value of the shipments of copper products dropped by $20 million during the first nine months of 1969 and the number of automobiles dropped by 42%. On the other hand, many items showed increases.

American businessmen participating in U.S. trade shows held at the U.S. Trade Center in Stockholm enjoyed a growing success during 1969. Direct sales made at the eight shows held in 1969 amounted to $1.8 million, as compared with $594,000 in 1968. Exhibitors were also successful in appointing 35 agents during the shows and entering into negotiations with many more.

SWEDEN'S CHIEF IMPORTS FROM U.S.: machinery, aircraft and parts, automotive vehicles and parts, chemicals and pharmaceutical products, instruments, fruit and vegetables. **SWEDEN'S CHIEF EXPORTS TO U.S.:** automobiles, machinery, iron and steel, paper and wood pulp, nonferrous metals products.

Switzerland

Tariff cuts and German revaluation point to trade gains this year

By DONALD P. McDONOUGH
European Division, BIC

Despite a comparative slump in the growth rate of U.S. trade with Switzerland during the first ten months of 1969, prospects for 1970 appear bright. Expectations are that U.S.-Swiss trade will increase significantly in both absolute terms and in the U.S. share of the Swiss import market.

Two major factors have contributed to this outlook. First, the German revaluation of the deutschmark will tend to make German products (which predominate in the Swiss import market) 8.5% more expensive; thus, the Swiss will likely be looking to other sources for many of the items usually bought from the Federal Republic. Secondly, the Swiss have agreed to implement the third, fourth, and the fifth and final tranche of their GATT Kennedy Round tariff concessions in early 1970. This action will reduce significantly their already low import tariffs.

According to information gathered during the first six months of 1969 the U.S. Embassy in Bern has projected the 1969 Swiss gross national product at $18.6 billion, registering a growth in absolute terms of better than 9.4% over the 1968 figure. This steady growth was limited by the continuing Swiss labor shortage created by stringent government controls over foreign labor. This situation is expected to continue well into the foreseeable future, and will hold the economy back from excessively rapid expansion.

The rising demand for Swiss exports, however, should lead to better use of capital and augment the need for improved techniques of production which, in turn, should provide an expanding market for American-made capital equipment.

The attitude of the Swiss businessman reflects optimism and confidence. A revival of Swiss industry in late 1967, following a slight recession the previous year, has continued through 1968 and 1969. The industrial production index reached a growth rate of 10% in 1969 over the previous year, and overall indications point to continued progress during 1970.

Prices have crept upward during 1969 with the Consumers' Price Index registering a gain of 2.5%. This slow, but steady rise has been matched easily by the wage index which rose 2.8% over the 1968 level. Wholesale prices, which held their 1967 level during 1968, rose 3.5% during 1969.

The heightened economic pace of 1968 opened the way for continued trade expansion in 1969. Swiss imports for the first ten months of 1969 soared 15.6% over the same period of 1968 to $4,310 million; exports demonstrated similar activity registering a gain of 15.3% over 1968, reaching $3.775 million. This rise in total trade shows the Swiss economy moving into high gear as it has reached total recovery from the 1967 recession—these figures compare favorably with gains in imports of 14.4% and in exports of 9.2% during 1968.

Swiss imports from the United States did not show this vibrancy. Imports through October 1969 from the United States edged 3.7% over the 1968 level of $343 million to $356 million. Similarly, the size of the Swiss import market captured by U.S. goods fell from 8.9% to 8.3%. The above figures are slightly deceiving, however, in that during 1968 the Swiss accepted deliveries of an unusually large number of commercial aircraft which totaled better than $40 million as opposed to the normal annual dollar value of aircraft deliveries which ranges between $20 to $23 million. Another $23.5 million worth were delivered in 1969.

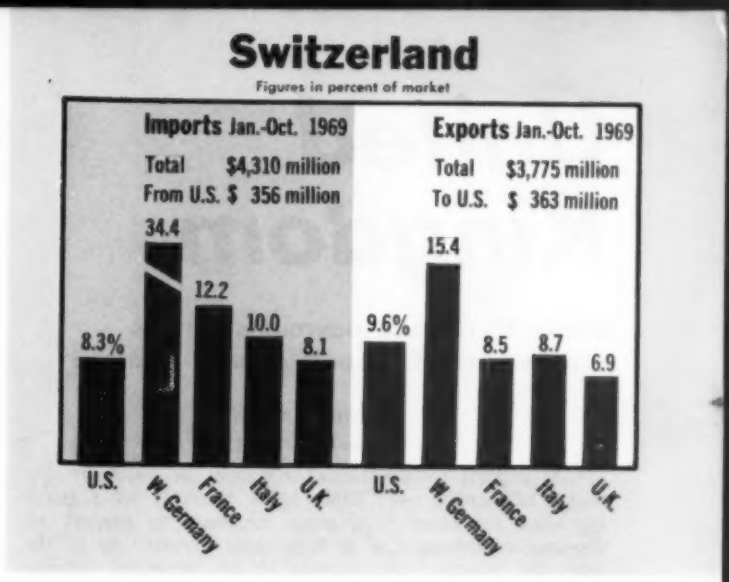
Fearing overheating of the Swiss economy, the Federal Council has decided to abolish all the remaining tariff cuts in the Kennedy Round and immediately institute the full concession. This action will be accomplished in the first quarter of 1970, and should provide added stimulus to imports by cutting tariffs about 21%.

Investment in construction is projected at $3.5 billion for 1969, representing a growth rate of 12.5% over 1968. With the Swiss labor situation continuing to remain tight and with no relief in the near future the need for capital equipment should rise even higher in 1970, signalling an excellent forecast for this year.

Consumer imports up

During the first six months of 1969 imports of consumer items other than food products surged ahead of the 1968 figures by 18% in response to accelerated domestic consumption. Consumer items best suited for export to the Swiss market generally are of a labor-saving or leisure time nature, such as power hand tools, hardware items, marine equipment, outdoor sports equipment, men's and women's clothing, do-it-yourself items, and swimming pool apparatus.

Demand for capital equipment has not diminished. Prospects are good for such items as refrigeration and airconditioning equipment for industrial and commercial application, food processing and preparation equipment, materials handling equipment, industrial electronic components and printed circuits, specialty machine tools, assembly line and automatic transfer equipment, technical measuring and analyzing instruments, and chemicals for the paper and textile industries. This demand for capital goods from the United States should be heightened by the recent German revaluation—Germany being our prime competitor in the capital goods area.

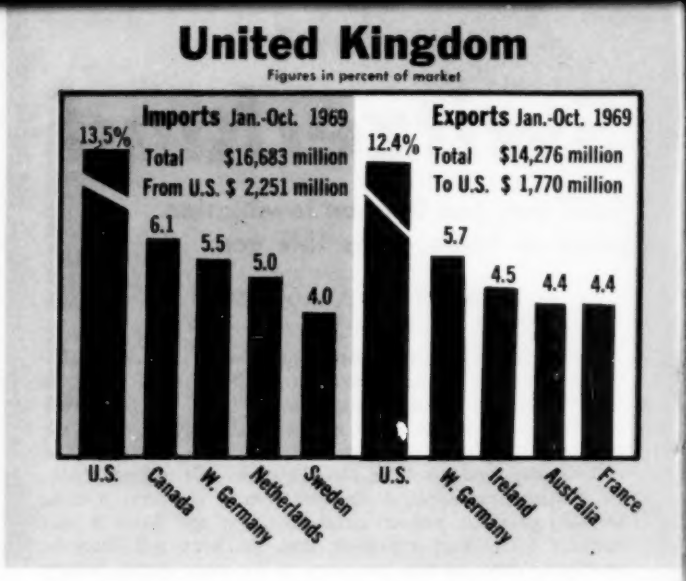


CHIEF SWISS IMPORTS FROM U.S.: aircraft and parts, electronic tubes, tobacco, passenger automobiles, communications equipment, business machinery, electronic measuring equipment. CHIEF SWISS EXPORTS TO U.S.: non-electrical machinery, watches, chemicals, apparatus and instruments, textiles, food specialties.

United Kingdom

Efforts to achieve payments surplus are paying off; import deposit retained

By PAUL NORLOFF
European Division, BIC



U.S. exports to the United Kingdom in 1970 are expected to increase over 1969, based primarily on a growing need for many U.S. goods necessary to support an expected continuing rise in U.K. total exports. As in the past, the principal contributions to this projected increase are expected to be made by advanced industrial machinery and equipment of many types.

The Import Deposit Plan (IDP), which was widely expected to terminate in November 1969, has instead been extended for another year, but at a reduced deposit rate of 40% instead of 50%. Under the IDP, a deposit must be made of 40% of the landed value of most finished goods before Customs will release the goods, the deposit to be held for six months without interest and then automatically to be returned to the depositor.

Since May 1969, however, when the first deposits made six months earlier began to be returned, the IDP has had less restraining effect than it had earlier; coupled with the reduction in the rate of deposit to 40%, the IDP will have less effect on the growth of imports in 1970 than it had in 1969. Basic Government programs aimed at modernizing and rationalizing industrial plant and equipment while re-allocating resources to expand exports will continue to provide excellent opportunities for sales of U.S. goods.

The Gross National Product, which rose in real terms by 3½% in 1968, is estimated to have risen by about 2% in 1969. The prospect for 1970 is variously estimated by different observers as likely to range between 2 and 3%—the higher rate being more likely if domestic demand should grow at a greater rate than in 1969.

Total fixed investment in 1970 is generally expected to rise by about 3%. With public investment likely to be held down for policy reasons, most of this increase is expected to appear in manufacturing investment which began to move upward in the second half of 1969.

Consumer expenditure during 1969 appears to have remained about level overall, with the first half showing a slight drop over the second half of 1968. An increase of slightly more than 1½% is expected in this area in 1970, tied in with a growth of less than 5% in wages and earnings.

Concentrated Government efforts to produce a substantial balance of payments surplus are now paying off. With exports expanding steadily and the growth rate of imports held down effectively in the last three quarters of 1969, the United Kingdom is expected to produce a balance of payments surplus of $750 million at the end of 1969. This improvement, combined with the expected acceleration in economic growth, is looked upon by several competent observers as likely to produce a balance of payments surplus at the end of 1970 of more than $1,400 million.

U.K. imports during the first three quarters of 1969 totaled $14.9 billion, an increase of 5.6% over the comparable period in 1968. Since May, the trend in imports has leveled off, indicating some success of the government's efforts to dampen the flow of imports. These were significant increases, however, in imports of transport equipment, an increase of 41% to $704 million; non-metallic mineral manufactures, 17%, to $689 million; clothing, 15%, to $197 million; chemicals, 11% to $831 million; electrical machinery, 10%, to $463 million, and non-electrical machinery, 8%, to $1,204 million.

British imports from the United States during the same period increased by 8.5%, and the U.S. share of total imports rose from 13% to 13.5%. While U.K. imports from the United States of foodstuffs, and raw and basic materials generally remained at about the same level, there were significant increases in the machinery and transport categories. Imports of transport equipment (mainly aircraft) increased 75% to $421 million.

Other product categories showing significant increases included: electrical machinery and apparatus, up 14% to $174 million; non-electrical machinery, 11% to $390 million; professional and scientific equipment, 10%, $69 million, and iron and steel products, 32%, $21 million.

The U.K. market continues to offer excellent sales prospects for many U.S. products, especially in the areas of sophisticated and technologically-advanced machinery and equipment. These categories include precision machine tools, general industrial equipment, electronic instruments and components, and equipment for finding and distributing natural gas.

Upcoming exhibits scheduled during the coming year for the U.S. Trade Center in London include: biochemical test and control equipment, instrumentation and controls for pulp and paper products, electro-optical equipment, and vacuum and cryogenics equipment.

In addition to these exhibits the Department of Commerce will stage a solo exhibit on data transmission equipment and will participate in the London International Instruments, Electronics and Automation Exhibition (May 11-16) and the International Packaging Show (June 22-26).

CHIEF U.K. IMPORTS FROM U.S.: cereals, tobacco, textile fibers, chemicals, machinery, transport equipment, scientific instruments, non-ferrous metals. CHIEF U.K. EXPORTS TO U.S.: scotch whisky, textiles, machinery, transport equipment, iron and steel products, non-ferrous metals, and chemicals.

Yugoslavia

Imports of capital equipment to remain high despite planned economic slowdown

By GAIL VAN KEULEN

European Division, BIC

Continued rapid investment and production growth rates in Yugoslavia favor further expansion of U.S. exports to this country, with excellent opportunities for increased sales of plant equipment and industrial supplies.

In an effort to control inflation, the Yugoslav authorities hope to hold GNP growth to 7% in 1970, as compared to an estimated 10% in 1969. However, Yugoslavia's drive toward modernization and efficiency, as well as emphasis on rapid expansion of export-oriented industries, will act to maintain a high growth rate for imports of capital equipment.

GNP rose to $10 billion in 1968, a 6.5% real increase over 1967. Of the estimated 10% 1969 GNP growth rate, inflation will account for about 7%. Wages continue to soar, with a 15% increase for the period Jan.-Aug. 1969 as compared to the first eight months of 1968. Retail prices rose 7% above their previous year's level in the same period.

This inflation problem, as well as a deteriorating balance of trade, has led to an informal austerity program for 1970, primarily aimed at reduced government spending and moral suasion. Indications are that the government will not resort to new import restrictions, wage and price controls, or investment control. The emphasis by the Yugoslav Government appears aimed at encouraging exports rather than prohibiting imports. In the absence of further import restrictions, it is expected that the rise in imports of capital equipment will continue strong.

Moreover, Yugoslav businessmen remain generally optimistic about the business outlook despite a lingering problem of over-indebtedness on the part of Yugoslav firms. This optimism is in large part due to the fact that there are no signs of a lessening in the Yugoslav efforts toward modernization which is affecting most industries and which is apparently still considered of prime importance by the Government. Investment in expansion and modernization of most industries continues to soar. Total investment increased 14% during Jan.-Aug. 1969 over the same period in 1968.

The increased investment aided a large growth in Yugoslav imports, up 20% during Jan.-Nov. over the same eleven-month period in 1968. Import growth continues to outpace the export increase, up 18% for the eleven-month comparative period. The total trade deficit for 1969 should reach an estimated $650 million as compared to $537 million in 1968. However, a 25% increase in receipts from tourism and workers' remittances from abroad will largely offset this trade deficit.

A regional examination of Yugoslavia's 1969 trade reveals that, as in the past, the largest portion of the trade deficit was with the Western European nations and the United States, which account for two-thirds of Yugoslavia's trade. The first half 1969 imbalance with the convertible currency area was $296 million or about 75% of the total. Trade with Communist (CEMA) nations continued to decline. In the first half of 1969, the CEMA share of Yugoslav total trade had fallen to 26%, a new low.

Total U.S. exports to Yugoslavia amounted to $90 million in 1968. During the first half of 1969, U.S. exports to Yugoslavia increased 14% over the first half of 1968, representing a 4.5% share of total imports. The United States continued to hold fourth place among Yugoslavia's trading partners, behind West Germany, Italy, and the USSR.

In general, best sales opportunities lie in equipment for Yugoslavia's export industries, which receive preferential treatment in access to foreign exchange, and efficiency-oriented equipment which is necessary in modernization. The principal hard currency earning industries which are currently receiving expansion emphasis include tourism, catering and recreation; the furniture and wood products industries; and mineral extraction and processing. Investments have also been heavy in agricultural modernization and the construction industry.

Strong production advances in many Yugoslav industries have prompted expansion plans. Especially high increases are apparent in the field of chemicals, electrical engineering, construction, rubber, and metal working.

Specific products with good sales potential include: harvesting, irrigation, feeding, processing, and cultivating machinery; catering equipment, heating and cooling equipment; machinery for extracting and processing ores and minerals; railway and highway construction equipment; computers; industrial control and testing equipment; and materials handling equipment. Convenience and service items are also in demand.

Yugoslavia continues to promote the establishment of commercial and financial links between Yugoslav and Western firms as a means of attaining the goal of industrial modernization. Legislation passed in 1967 permits foreign firms to invest in joint ventures with Yugoslav firms with equity interests up to 49%. The formation of the new International Investment Corporation for Yugoslavia by leading Western European and American banks will provide a strong stimulus to American and European investment activity in Yugoslavia.

PRINCIPAL YUGOSLAV IMPORTS FROM THE U.S.: construction and mining machinery, vegetable oil, cotton, coal, metalworking machinery, heating and cooling equipment. PRINCIPAL YUGOSLAV EXPORTS TO THE U.S.: copper, aluminum, canned meat, furniture, clothing, tobacco, electrical wire and cable.

XUM

Far East sales record set

U.S. exports to region topped $7 billion in '69; will approach $8 billion in '70

By ROBERT M. KLEIN
Deputy Director
Far Eastern Division, BIC

U.S. exports to the Far East last year exceeded $7 billion for the first time, as new sales records were set for about half of the countries of the region. This year's exports, which will edge toward the $8 billion mark, should match the substantial gains of 1969.

For the most part, last year was a period of improved export earnings and favorable economic growth for Far Eastern countries, with total imports of the area rising significantly, and the general trend should continue in 1970. U.S. suppliers took increasing advantage of the wider range of opportunities presented, although in terms of the U.S. share of the 11 major country markets the picture was somewhat mixed. American exporters enlarged their share in three countries while slipping in three others, and held their own in the remaining five.

U.S. export gains to the Far East in 1969 continued what is now a five-year trend of significant increases, roughly averaging 10% annually and generally outpacing the rise in total U.S. exports to the world. At the same time, however, imports from the Far East, except for 1967, have been growing at a considerably faster rate.

Consequently, in 1968, after a series of years in which our Far Eastern market contributed to the sizable export surplus for the United States as a whole, a trade deficit of nearly $400 million was registered with the region. Last year this deficit nearly tripled, to a level of almost $1.1 billion based on U.S. Census data for the first eleven months of the year. The widening of the trade gap was more than explained by U.S. trade with Japan where, despite increases in both directions, the greater spurt in U.S. purchases of Japanese goods resulted in a massive trade deficit of over $1.3 billion.

Exports up by 11%

Nevertheless, taking U.S. sales to the region by themselves, last year's performance was a favorable one. Exports to the Far East (including Oceania) for Jan.-Nov. 1969, at $6.5 billion, were up by 11% over the corresponding period of 1968. This compares with a gain of about 9% for the full year 1968 over 1967. Unlike most recent years, however, the sales gains were not as broadly dispersed, with export increases and declines being about evenly divided among the region's 15 countries.

In fact, by far the most important factor in the overall results was the sharp 17% rise in exports to Japan for the January-November period, indicating a full-year figure of about $3.5 billion and raising Japan's share to nearly 50% of total U.S. sales to the region. With the real growth of the country's gross national product (GNP) this year expected to be only slightly less than the 13-14% estimated for 1969, U.S. exports to Japan in 1970 should show another substantial increase.

In contrast, sales last year to our second-ranking market in the region, Australia, were marginally off, and were more steeply so in the case of the Philippines which, until 1968, had been the third best U.S. market. The slippage in sales to Australia, despite the unusually strong growth of the economy, was partly explained by some fall-off in shipments of commercial aircraft. With deliveries of both civilian and military aircraft expected to be higher this year, and continued expansion of the Australian economy, U.S. exports may recover in 1970 to exceed the 1967 benchmark.

Philippine sales continue drop

Shipments to the Philippines, however, which in 1969 fell sharply below the record level of the previous year, are expected to recede further in 1970, in the face of an array of import and exchange controls and credit restriction measures aimed at correcting mounting balance of payments and budgetary deficits.

Exports to Korea, where an estimated 15-16% increase in real GNP last year was the highest in the region, rose by 45% during the first eleven months of 1969. Korea thus strengthened its position, first achieved in 1968, as our third-ranking Far Eastern market. Much of the increase in exports to Korea last year, however, represented abnormally high levels of military aid and PL-480 food grain shipments, and the overall export gain in 1970 will therefore be much more modest.

In the case of Taiwan, after two successive years of substantial U.S. export gains, U.S. sales dipped slightly in 1969, largely as a result of reduced military shipments. With Taiwan's economy continuing to grow vigorously, the 1970 outlook is for a significant rise in U.S. exports.

Elsewhere in the region, continued advances in U.S. sales are foreseen for Hong Kong, Indonesia, and Singapore, with U.S. exports in the latter case having more than doubled between 1967 and 1969; some recovery in exports to New Zealand where aircraft is the volatile element, although total exports will continue below the peak level of 1965; and modest gains in the case of Malaysia and possibly Thailand, in both of which markets the United States slipped in 1969.

U.S. imports are key

As indicated earlier, it is the U.S. import side which largely explains the growing deficit in our trade with the Far East and, to some extent, the improved ability of Far Eastern countries to finance their own imports. Following a sharp rise of 30% in U.S. imports from the region in 1968, imports expanded by another 22% during Jan.-Nov. 1969.

The rise in imports from Japan, which accounts for three-fifths of the regional total, was equal to the overall figure. But all of the countries of the region, with the exception of the Philippines, shared in the higher import bill, led by Korea and Taiwan which posted respective gains of 50% and 43%. The increase for Hong Kong, the U.S.'s second-ranking Far Eastern supplier, was 28%, while purchases from Australia, the third largest source, increased by 16%. The 1970 prospect is for continued increases, but at a lessened rate.

Promotional efforts

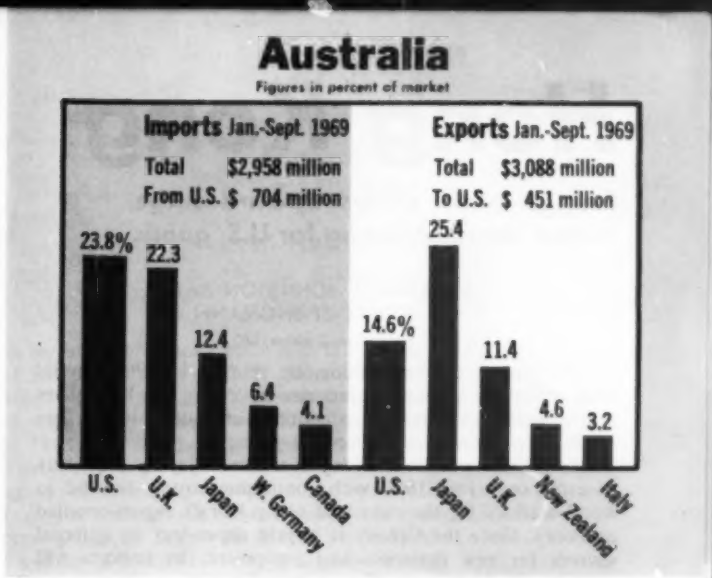
In order to further develop and expand the U.S. role in Far Eastern markets, the Department of Commerce continues to utilize a variety of promotional efforts, including a number of industry-organized, Commerce Department-approved trade missions which are scheduled to visit various countries of the region.

Commercial exhibit participation last year included a solo exhibition of industrial machinery in Seoul, where the Korean show broke all sales records for floor orders made during a U.S. commercial exhibition abroad. For 1970 several participations are planned for Japan, as well as a trade fair show in Australia and a solo exhibition in Taiwan. A major event will be the opening, in June, of a U.S. Trade Center in Sydney, which will join the existing Centers in Tokyo and Bangkok as permanent showcases for American products.

Australia

Buoyant economy sets growth record; U.S. export picture looks brighter in 1970

By DEANE M. BLACK
Far Eastern Division, BIC



Prospects for an increase in U.S. exports to Australia look brighter for the year ahead, based on the extremely healthy state of the Australian economy and the continuing strong expansion in internal activity and demand.

U.S. exports to Australia failed to fully recover after the dock strike early last year, and in the first ten months of 1969 decreased 4.6% to $705 million from the same period of 1968. A major contributing factor was the fall off in shipments of commercial aircraft and the decline in exports of various chemicals, both groups traditionally comprising a sizable portion of total U.S. exports to Australia. Deliveries of the new Boeing 747's in 1970, as well as the Australian Government's order of F-111's, should enhance the aircraft figures and serve to push the total higher than for 1969.

The Australian economy is in an extremely buoyant state, and fiscal 1969 (ended June 1969) was a remarkable year of growth with the increase in GNP in real terms at 8.7%, the highest increase ever recorded for a single year. Third quarter figures for 1969 indicate that the real growth rate for the July-September period was probably about 8%, although Government predictions are for a rise of some 6.5% in real terms to about $34 billion in fiscal (FY) 1970. Inflation has been held to between 3 and 4% and the Government is placing increasing emphasis on monetary policy to prevent a more inflationary trend from developing.

According to the Australian Government, the rising trend in internal demand is being led by private investment. A survey of expected capital expenditure by private business in July indicated that, in the first half of FY 1970, spending on new buildings and structures would rise 28% over the same period a year ago, while new capital equipment expenditures would be 7% higher.

In the area of consumer spending, retail sales have been increasing steadily and car registrations are continuing to rise.

Overall balance good

The favorable balance on capital account in FY 1969 was sufficient to finance the large deficit on current account, and the balance of payments showed an overall surplus of $177 million following a surplus of $87 million in FY 1968. Including its IMF reserve position, Australia's international reserves of gold and foreign exchange increased during the year by $194 million to $1.7 billion. Net apparent capital inflow amounted to nearly $1.3 billion, about $60 million below its record level in FY 1968 when there was a spectacular expansion in portfolio investment and institutional loans.

Improved trade results during FY 1969 and in the first quarter of FY 1970 also continue to benefit the economy. Exports and imports were close to balance in FY 1969, compared with a deficit of over $244 million in the preceding twelve months. Total exports in FY 1969 were valued at $3,772 million, a 10.6% increase over FY 1968. Rural exports rose, with large increases in wool and sugar exports more than offsetting a large decrease in exports of wheat and flour and lower returns from exports of dairy products and fruits. Exports of minerals and metal manufactures, as well as other manufactured goods, rose strongly.

A noteworthy feature of Australia's export growth in the last fiscal year was the sharp increase in exports to both Japan, up 28%, and the United States, 19%, while exports to the United Kingdom actually decreased by over a million dollars from the level of FY 1968. As a result of these developments, the United States for the first time became Australia's second best market, and the United Kingdom moved down to third position. Based on the FY 1969 performance, almost 25% of Australia's exports now go to Japan, about 14.3% to the United States, and 12.6% to the United Kingdom.

Despite the high level of economic activity in Australia in FY 1969, imports rose at only a moderate rate and were valued at $3,882 million, a 6.2% increase over the previous fiscal year. The small rise was largely the result of a reduction in imports of defense equipment and civil aircraft. Imports for the motor vehicle industry and other producers' equipment also grew at a slower rate than in FY 1968.

The United States was again the principal source of imports into Australia in FY 1969, with a market share of 25.6%, valued at $995 million. The downward trend in the proportion of imports from the United Kingdom continued despite the devaluation of sterling, and Japan again made strong gains, increasing its market share to almost 12%.

AUSTRALIA'S CHIEF IMPORTS FROM U.S.: special industrial machinery, motor vehicles, aircraft, power generating machinery, scientific and optical apparatus, chemicals, agricultural machinery. **AUSTRALIA'S CHIEF EXPORTS TO U.S.:** beef, veal, wool, alumina, lobsters, nonferrous ores and scrap, sugar.

U.S. Trade Center will help

Competition is keen for U.S. suppliers in the Australian market, both from domestic producers and from third country suppliers. In order to assist American exporters, in June the Department of Commerce will open a U.S. Trade Center in Sydney, the third in the Far East-Pacific area.

With the continued rapid development of mineral resources and the build-up and modernization of its industrial plant, however, Australia should continue to offer an expanding market for U.S. goods, particularly construction and mining machinery, metalworking equipment, transportation equipment, and scientific and industrial instrumentation and apparatus.

XUM

Hong Kong

Foreign trade shows upward surge; import demand strong for U.S. goods

By JAMES R. JOHNSTON and
J. MICHAEL SPRINGMANN
Far Eastern Division, BIC

U.S. exports to Hong Kong, up sharply in 1969, should show a further substantial increase in 1970. The U.S. share of the market is expected to continue at about 14%, where it has been maintained for several years.

The boom conditions Hong Kong is enjoying are likely to carry over into 1970 with continuing strong demand in world markets for the output of Hong Kong's export-oriented economy. Since the Colony is largely dependent on external sources for raw materials and equipment, its imports will continue at a high level, offering attractive opportunities for U.S. suppliers. However, some moderation can be expected in the surge that has carried the economy to record heights in recent months, particularly as the acute labor shortage is increasingly felt.

Economy expands rapidly

The latest available figure for GNP is for 1968, when it was estimated at $2.72 billion, an increase of 10% in real terms from the previous year. (The estimate is a rough one, since the Hong Kong Government does not systematically compile national accounts data.) A rate of increase similar to that of 1968 probably prevailed in 1969, and 1970 is expected to show another significant, but somewhat more moderate increase.

As the memory of the 1967 Communist-inspired riots fades, business confidence in the Colony continues to grow and tourists arrive in ever greater numbers (up about 25% in 1969). For the first time since 1967, Hong Kong's entrepot trade has shown significant gains, with re-exports reaching new records.

Through September, bank deposits rose 20% while outstanding loans and advances increased 26%; and in October, the stock exchange attained unprecedented levels of trading. The construction industry is reviving as developers begin to react to the increased demand for new facilities. Ground breaking on Sept. 1 for the long-planned cross-harbor tunnel, a $45 million project, was viewed locally as a significant indicator of confidence in the Colony's future.

The index of wage rates showed a 6.9% increase in the year ending Mar. 31 (the latest figure available). The consumer price index, on the other hand, showed only a 3.1% increase for the year through August, indicating a significant rise in real wages. With industrial employment in mid-1969 up almost 14% above mid-1968, the labor shortage is being reflected in high job turnover and demands for higher wages. It is assumed that Hong Kong businessmen seeking to maintain their competitive advantage over Korea and Taiwan will emphasize more sophisticated products, invest in new labor-saving machinery, or switch production to lines of goods that require and utilize the higher productivity of the Hong Kong worker.

Hong Kong's total imports, which had been $2,045 million in 1968, reached $1,716 million in the first nine months of 1969, a 17.4% increase over the corresponding period of 1968. Although the absolute value of Hong Kong's imports from the United States in the first three quarters of 1969 was 11.9% above the same period of 1968, the U.S. share of the Hong Kong market for the corresponding period slipped slightly, from 14.3% to 13.5%.

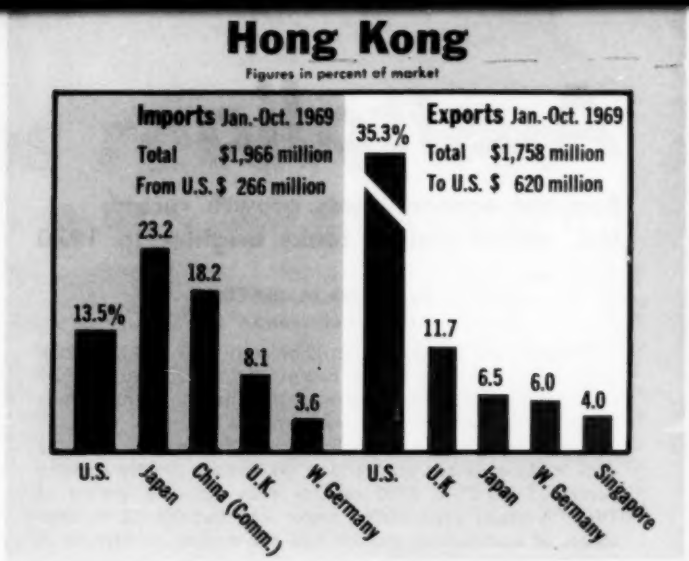
Lower sales of American raw cotton and rice were more than offset by Hong Kong's increased imports of other U.S. goods. Unexpectedly sharp increases occurred in imports of electronic components and unset diamonds. Other, more moderate gains occurred among textile yarns and fabrics, nonelectrical machinery, instruments and optics, fruits and vegetables (chiefly oranges), paper products, pharmaceuticals, tobacco products, and metal manufactures.

Hong Kong's swelling volume of exports, which probably passed the $2 billion mark in 1969, continues to find its largest market in the United States. In the first nine months of 1969, the Colony increased its exports to the United States by 28% over the corresponding period of 1968, from $418 million to $536 million. Almost two-thirds of this expansion was in the categories of clothing and electronic goods.

Opportunities for sales

Because of its mounting labor shortage, Hong Kong offers promising sales potential for a wide variety of labor-saving machinery. Also, the efforts being made in many industries to upgrade production standards have created a consistently strong market for testing and quality control equipment. Accelerated activity in the construction industry is creating new possibilities for sales of machinery, equipment, and materials, while the Colony's vigorous business expansion offers further opportunities for office equipment and machinery sales. Hong Kong's growing prosperity, combined with its virtual freedom from restrictions on imports, offers increasing possibilities for sales of U.S. consumer goods.

Recent months have seen a sharp increase in the number of U.S. companies establishing regional offices in Hong Kong, despite the current difficulties in finding suitable accommodations.



CHIEF HONG KONG IMPORTS FROM U.S.: electronic parts and components, diamonds, raw cotton, non-electrical machinery, tobacco and products, pharmaceuticals, and oranges. CHIEF HONG KONG EXPORTS TO U.S.: clothing, toys and dolls, electronic components and subassemblies, wigs, plastic flowers, textiles, and transistor radios.

Indonesia

U.S. exports continue on upswing as country embarks on development program

By M. VIRGINIA WEBBERT
Far Eastern Division, BIC

Indonesia
Jan.-Oct. 1969

U.S. exports to Indonesia
$157 million

U.S. imports from Indonesia
$160 million

The upswing in U.S. exports to Indonesia is expected to continue in 1970, with exports substantially above the 1968 level of $16[illegible] million and somewhat above their estimated 1969 level of around $200 million.

Well over half of the exports will continue to be financed by U.S. aid programs, which will consist of more project aid in 1970, in addition to the P.L. 480 program and other commodity assistance. Continued debt rescheduling, larger export earnings, and some implementation of the sizable U.S. investment projects, particularly in oil, contribute also to the favorable trade outlook.

The Indonesian Government has successfully stabilized its economy through a strict adherence to a balanced budget policy, a cautious and selective credit policy, and the maintenance of a sufficient supply of essential commodities, especially food. It is now ready to place increased emphasis upon development.

For the 15-month period ending Mar. 1971, Indonesia's foreign aid requirements, including aid from international organizations, have been set at $600 million, of which program aid will total about $340 million and project aid $260 million. The United States has been providing about one-third of the foreign aid requirements.

The rate of increase in real gross national product was about 4% to 5% in 1968 but may have fallen in 1969 because of the smaller gains in farm output. The five-year development plan aims for an average annual rise of about 5%. GNP in 1969 totaled about $10 billion.

Domestic demand stagnated in the first half of 1969 and temporarily reduced imports, particularly those financed with foreign aid, as the transition from stabilization to development occurred. Non-oil imports in 1969 are estimated at $969 million (c.i.f.) compared to $834 million in 1968 and projected imports of $1,189 million in fiscal 1971 (ends Mar. 31, 1971). Project aid imports will be nearly double their level in 1969, comprising 12%; BE and ADO imports will comprise 74%; and imports financed with DP and free exchange 11%. Private capital imports for investment are estimated at 3% ($34 million).

Exports (including net oil receipts) in the first half of 1969 were 17% higher than in this period of 1968, and for the full year may have exceeded 1968 by 12%, through buoyant export prices for rubber and tin and greater output of crude oil, tin, and forest products. They are estimated at $815 million in 1970/71 compared to $722 million in 1969 and $647 million in 1968. Net receipts from oil will rise by 40%—from $100 million in 1969 to $139 million in 1970/71.

Reduced import demand in the first half improved the balance of payments and caused a slight but temporary rise in net foreign exchange reserves which, however, remain at a low level.

For the first time in recent years there was a surplus in the routine budget for FY 1969/70 to assist in financing a substantially increased development program. However, development expenditures were lagging and contributed to the stagnation in demand in the first half of the year. A balanced budget is again forecast for 1970/71, with receipts and expenditures of Rp. 444 billion each, compared to Rp. 334 billion in 1969/70. Development budget expenditures in the Five-Year Development Plan (1969/70-1973/74) will be concentrated on agriculture and irrigation (30%), transportation, communications, and tourism (22%), with industry and mining absorbing an additional 12%, electric power 9%, and village development 5%.

U.S. exports to Indonesia totaled $157 million in the first ten months of 1969—30% more than in the same period of 1968—and were mainly P.L. 480 commodities (about $80 million in rice, cotton yarn and thread, raw cotton, and wheat flour); machinery, $27 million; road motor vehicles and parts, $10 million; aircraft and parts, $8 million; and fertilizers, $6 million.

U.S. imports totaled $169 million in the first ten months—12% more than in the same period of 1968—due in part to larger imports of crude petroleum. Other major imports were crude rubber, coffee, and pepper and other spices.

The United States appeared to be maintaining its share of market, about 20% for both exports and imports in 1968.

U.S. sales opportunities continue to be best in transportation equipment—road motor vehicles, aircraft and locomotives—pumps for oil and other mining and irrigation, construction and mining machinery, power equipment, agricultural chemicals, iron and steel products, paper and pharmaceuticals. These opportunities will be facilitated by funding from international organizations, as well as AID project and program loans.

While bank credit is still tight and interest rates high, priority imports of capital goods and raw materials will be facilitated also through the government's selective credit policy. Use of foreign aid funds is being speeded through a concessional rate of interest for all aid-financed imports—85% to 90% of imports with U.S. AID funds may be financed at a monthly rate of 1%—and permitting commercial banks to refinance these credits.

As of Sept. 30, Indonesia had given final approval to 147 foreign investment contracts in fields other than oil and banking, with a total proposed investment of $677 million, of which 57% was in mining, 18% in manufacturing, and 17% in forestry. U.S. investors had 23 contracts valued at $198 million, and Japanese 22 valued at $117 million. Between 1964 and Aug. 10, 1969, 28 production-sharing arrangements in oil were signed providing for expenditures of $304.4 million, mainly with U.S. firms.

INDONESIA'S CHIEF IMPORTS FROM U.S.: P.L. 480 commodities (rice, cotton and cotton yarn, wheat flour), construction, mining, and other machinery, motor vehicles, aircraft, fertilizers and other chemicals, pumps, centrifuges and parts, paper. INDONESIA'S CHIEF EXPORTS TO U.S.: crude petroleum, crude rubber, coffee, pepper, other spices, tea, palm oil.

XUM

Japan

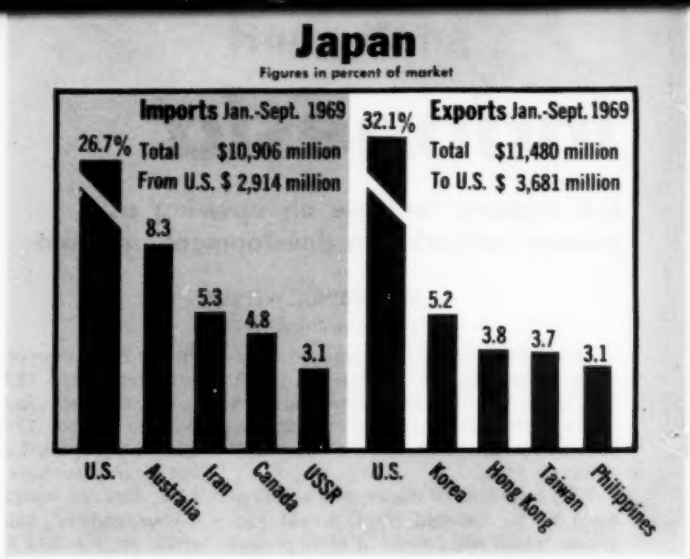
U.S. sales to leading Far Eastern market will approach $4 billion mark this year

By TATSUO A. MIYAKAWA

Far Eastern Division, BIC

U.S. exports to Japan, which set a new record of about $3.5 billion in 1969 (based on incomplete U.S. f.o.b. data), should show further substantial growth in 1970 and approach the $4 billion mark. All indicators suggest a continuation of the economic boom characterized by strong domestic and international demand, continued heavy investments in plant and equipment, and increased imports.

The Japanese economy is strong, its international trade position favorable, earnings of foreign exchange increasing, and the balance of payments position extremely satisfactory. Japan's exports for the first nine months of 1969 were 25.5% larger than for the comparable period of 1968 while total imports increased by 14.3%. The calendar 1969 results are expected to show a favorable trade balance (on a payments basis) of approximately $4 billion.



Rapid industrial growth

Real gross national product, which grew 14.3% to $147.4 billion in fiscal year 1968 (ended Mar. 31, 1969), is expected to continue its rapid growth to reach $173-175 billion in fiscal 1969 and $203-205 billion in fiscal 1970, representing real increases of 13-14% and 11-12%, respectively.

There are, however, some indications that the strain of maintaining this extremely rapid growth is beginning to be felt. The export price index, which reflects the international competitiveness of Japanese industry, rose 2.8% during July 1968-June 1969 with the climb being especially marked during the first half of 1969.

U.S. share falls

The slow but steady deterioration in the U.S. share of Japan's import market continues. From 36% in 1961, the U.S. share dropped to 27.2% in 1968 and to 26.7% for the first nine months of 1969. Japanese data indicate that total imports for the first three quarters of 1969 rose by 14.3% to $10,905 million (c.i.f.) while those from the United States increased by only 12.3% to $2,912 million. Further deterioration in the U.S. share is possible as Japan continues encouragement of import diversification to reduce its dependence on U.S. supplies and to offset trade imbalances with other countries.

Leading U.S. exports to Japan include machinery, industrial materials such as chemicals and coal, and agricultural and forestry products such as logs and lumber, soybeans, and corn. The United States faces increasing competition as Japan continues assisting developing nations to raise the quality and increase the availability of supplies of raw materials.

U.S. exports of machinery continue to show rapid growth because of high Japanese investments and, for the first nine months of 1969, exceeded $469 million or nearly 22% over the same period of 1968.

Trade liberalization

On Oct. 1 Japan shifted 133 items from the Automatic Import Quota (AIQ) licensing system to the Automatic Approval (AA) system under which the importer applies directly to a foreign exchange bank for the automatic issuance of an import license. Also effective Oct. 1, five items were removed from the restrictive Import Quota (IQ) list, and on Oct. 17 the Japanese Government announced it would reduce the remaining number of items under residual import restrictions by half by the end of 1971 (see INTERNATIONAL COMMERCE, Nov. 3, 1969).

Further, effective Oct. 20 the Japanese Government reduced from 5% to 1% the import deposit requirement for all items (see INTERNATIONAL COMMERCE, Oct. 27, 1969).

Of the many product areas offering high U.S. export potential, the following appear the most promising: chemical processing equipment; medicines and pharmaceuticals; industrial controls; packaging machinery and equipment; business machines, particularly "systems" machines embodying multiple functions; electronic equipment, especially large-size digital computers and software; certain types of metalworking equipment and accessories; surface transportation production equipment; consumer goods such as expensive toys and games; fashionable clothing and accessories; cosmetics; some foodstuffs; high quality leather goods; and specialty textile fabrics.

The Department of Commerce has scheduled shows featuring Vacuum and Cryogenics Equipment, Industrial Assembly Systems, and Metal Surface Treatment Equipment at the U.S. Trade Center in Tokyo for 1970; other product themes are under consideration. In addition, the United States will participate in the Japan Electronics Fair and has tentatively scheduled participation in the Packaging and Plant Engineering and Maintenance shows.

JAPAN'S CHIEF IMPORTS FROM U.S.: nonelectric machinery, chemicals, logs and lumber, coal, soybeans, corn, electric machinery. **JAPAN'S CHIEF EXPORTS TO U.S.:** iron and steel mill products, nonelectric machinery, passenger cars, textiles, musical instruments, clothing, TV sets.

Payments surplus grows

Japan's balance of payments position is stronger than ever. In fiscal 1968, Japan's favorable balance was approximately $1,661 million, and in fiscal 1969 it is expected to be between $1,650 and $1,800 million. The forecast for fiscal 1970 is a continuation of this trend and calls for a surplus of about $1,800 million. Accordingly, Japan's holdings of gold and foreign exchange increased $541 million between January and November to a record $3,476 million. With the increase in foreign exchange holdings and rising demand for foreign goods, the upward import trend should continue during 1970.

Korea

Economic pace to slow after record 15% rise in real growth during 1969

By TIMOTHY M. BARNICLE
Far Eastern Division, BIC

U.S. sales to the Republic of Korea, which increased by more than 40% to exceed $700 million in 1969, largely as a result of abnormally high levels of military aid and P.L. 480 food grain shipments, are expected to expand at a sharply reduced rate in 1970.

Despite an anticipated reduction in military aid and P.L. 480 sales, overall U.S. exports to Korea are expected to exceed the 1969 benchmark due to a further expansion in U.S. commercial sales as well as a continuation of aid-financed exports. The U.S. share of total Korean imports, which was an estimated 34% in 1969, is expected to return to the 1967-68 level of about 31%.

Korean imports are expected to grow by 19% in 1970, slightly less than the 25% rate estimated for 1969. This reduction in growth rate is to occur as a result of tighter government controls on import credits and a greater emphasis on meeting raw material and machinery requirements from local sources.

Korean GNP increased in real terms in 1969 at an estimated record rate of more than 15% to reach about $7 billion. This rate of growth far exceeded the goal of 11.7% set by the Korean Government and must rank among the highest in the world. The rapid expansion of the Korean economy in 1969 and in previous years can, to a substantial extent, be linked to large amounts of domestic and foreign investment, which made rapid industrialization possible, and rapid export growth. A target growth rate of 11% has been set for GNP in 1970 by the Korean Economic Planning Board.

Trade expansion continuing

In 1969 Korea's exports rose by an estimated 40% to achieve the ambitious $700 million target set by the Government in 1968. An even more ambitious goal has been announced recently by Korea's President Park for 1970. The President has called for an all-out effort to expand exports by 46% to reach $1 billion during the first year of the 1970's.

Korean imports totaled $1.2 billion during the first eight months of 1969, registering a 29.6% increase over the same period of 1968. Imports of machinery and transport equipment through August 1969 totaled $388.5 million and accounted for 33.8% of all imports.

The U.S. share of imports financed with Korean Government-owned foreign exchange (KFX) has risen from 14.3% in 1966 to 21.0% in 1968 and an estimated 22% by the end of 1969, although our share of this market was 19.7% through August 1969. The U.S. share of the KFX import market should remain at about 22% in 1970, but the possibility of a small increase does exist. Contributing to the growing value of imports from the United States with KFX funds are raw cotton, chemicals, steel scrap, industrial machinery, pulp, and sawlogs.

KFX imports have become increasingly more important in overall Korean imports during the last several years. These imports, which represented less than 50% of all imports in 1964, accounted for 56.1% in 1966 and 60.8% as of August 1969. This trend is expected to be continued and possibly accelerated during 1970 as levels of foreign assistance decline and Korean export earnings rise. Paced by exceptionally large sales to Korea in the last half of 1969, the U.S. share of total Korean imports grew to an estimated 34%. This compares favorably with market shares of 30.6% in 1967 and 30.8% in 1968.

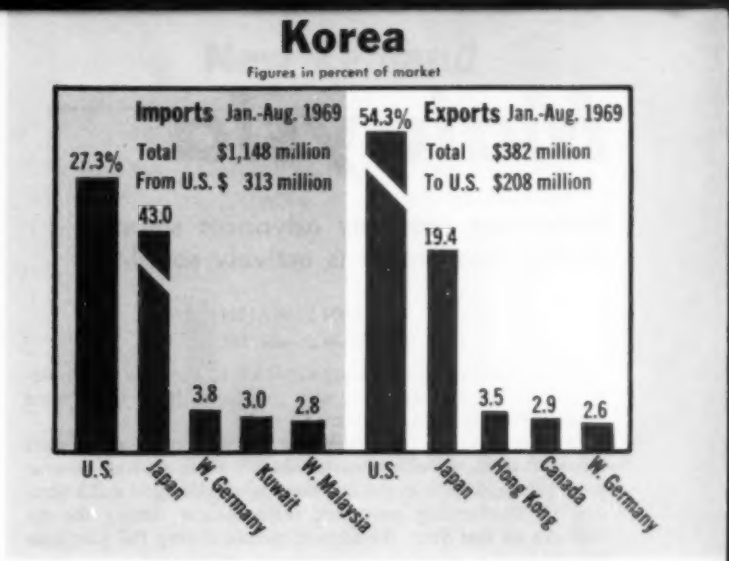
The remarkable rate of industrial expansion experienced by Korea during the past few years slackened somewhat in 1969. The industrial production index (1965=100) rose from 216.9 in September 1968 to 249.8 in September 1969, for a rise of 15.2%. This rate of growth compares with expansions of 25 to 35% in recent years. Production figures show a 13.8% increase in manufacturing output, a 7.2% rise in electricity generated, and a 6.9% drop in mining output during the first three quarters of 1969.

The U.S. Department of Commerce sponsored its first solo commercial exhibition in Korea in May 1969. This display of American industrial machinery resulted in record-breaking off-the-floor sales of $8.1 million and projected future sales of $14.8 million during the twelve months following the show.

Recent market research indicates that the best prospects for increased U.S. sales to Korea during the next two to three years are in the following categories: construction and mining machinery and equipment; electronics and telecommunications products; office machinery and equipment; mechanical handling equipment; electric power machinery; air conditioners, refrigeration and freezing equipment; scientific, control, testing, and measuring apparatus; pumps, centrifuges, compressors, taps, and valves; plastics processing equipment; and pharmaceutical products and medical equipment.

As of September 30, 1969, U.S. firms had received Korean Government approvals for $76.8 million of direct investment in 75 projects. This accounted for 59.7% of all foreign equity investments approved in Korea since 1962. The Japanese only began to invest significantly in Korea in 1968. However, a rapid expansion occurred in 1969 when Japan increased its equity investments from $2.4 million at the end of 1968 to $16.2 million at the end of September 1969. Further expansion of Japanese direct investment is expected during the next few years.

KOREA'S CHIEF IMPORTS FROM THE U.S.: non-electrical machinery, wheat, rice, raw cotton, electrical machinery, iron and steel scrap, pulp. **KOREA'S CHIEF EXPORTS TO THE U.S.:** clothing, plywood, wigs, textiles, footwear, electronic products, raw silk.



XUM

Malaysia

Malaysian economy advances steadily; foreign investment is actively sought

By JOHN E. WALSH
Far Eastern Division, BIC

Total Malaysian imports are expected to rise only moderately during the coming year, with purchases from the United States following the general trend.

Despite headlines concerning the business community's swift recovery from the effects of last May's riots, plus an all-time record trade surplus in the first nine months of 1969 and a forecast of accelerating economic improvement during the remainder of that year, the import picture during the past year has not been as promising as previously anticipated.

Elements reflected in the significant cutback of imports from the United States during the first ten months of 1969 include some dislocation of trade, particularly imports, during the civil disturbances, and an increase in federal expenditures to meet additional security requirements arising from the May disturbances.

This import pattern, off nearly 20% through August (based on U.S. export data), had recouped by the end of October to a position only 11% off from the comparable 1968 level. As a result of continued high world prices for rubber and tin, plus the increased level of foreign exchange reserves, the current import pattern is again on the rise.

Notwithstanding the May disturbances, Malaysia remains one of the more stable countries, politically and economically, in the Far East. Its major economic problems narrow principally to a shortage of employment opportunities and a scarcity of public investment resources.

Malaysia still has one of the highest per capita income rates in all Asia. The stability of the country's currency is well recognized and its official gold and foreign exchange reserves, currently on the increase, are sufficient to finance more than eight months' imports at recent rates of buying. Although there are as yet no official figures of gross national product for 1969, it rose from about $2.2 billion in 1960 to $3.4 billion in 1968, and is expected to hit nearly $4 billion by 1970.

According to preliminary statistics for West Malaysia during the first nine months of 1969, exports amounted to $994 million and imports $661 million. This reflects an all-time record trade surplus of $334 million, a level helped substantially by the renewed favorable world prices for rubber and tin which accounted for more than two-thirds of total exports. Concurrently, imports were cut back considerably, partly as the result of greater import substitution by local industries.

These statistics show the United States supplying $38.8 million, or 5.9% of total imports, and taking $178 million, or 18% of exports. The United States remained second only to Singapore (but actually the largest direct buyer) among principal buyers of Malaysian goods as well as Malaysia's seventh-ranking supplier.

Based on U.S. Census Bureau data, U.S. imports from Malaysia in the first ten months of 1969 amounted to $259.3 million, nearly 33% above the comparable 1968 figure. U.S. exports to Malaysia amounted to $40.5 million, reflecting an 11.2% decrease from the comparable 1969 figure.

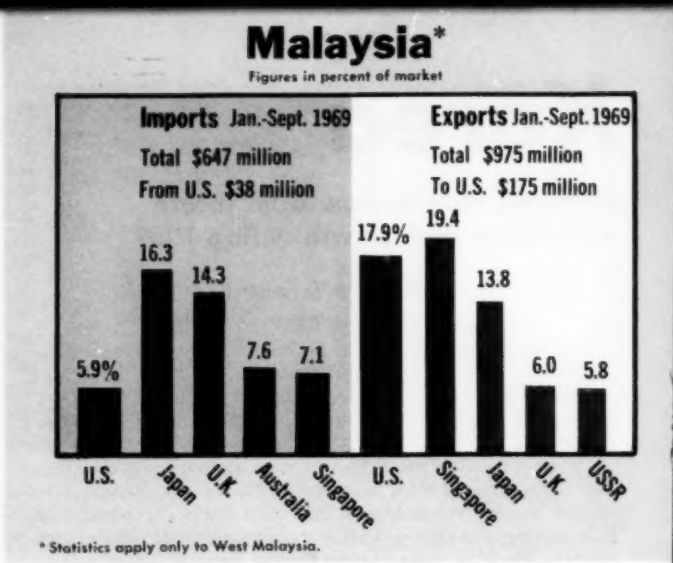
In order to attract additional foreign investment capital faster, Malaysia has started taking steps toward beefing up its investment incentive program (tax relief and credits, accelerated depreciation allowances, duty exemption, infant industry protection, industrial estate and research facilities). Malaysia's Federal Industrial Development Authority (FIDA) has been reorganized and a Capital Investment Committee set up to streamline industry promotion and the process of qualifying for industry incentives.

Most important of all, possibly, is the new approach to discard the past lethargic "wait-and-see" attitude toward foreign investment and, instead, actively search out and compete for potential investors. Malaysian trade commissioner offices in leading world industrial/commercial centers have been put on notice in this regard.

Of particular importance to Malaysia's economy are the vast oil exploration activities getting under way in the country's offshore areas. The next twelve-month period promises to be an active one in this field.

Among the international companies scheduled to commence work in forthcoming months are three large American oil firms which have been licensed to work the offshore tracts off the west coast of West Malaysia. The oil industry, across the board, is expected to spend some $50 million in Malaysia during the next year. In addition, the effect of this huge spending is bound to have positive repercussions on supporting industries and services.

It is clear that private investment will be more aggressively sought in the period just ahead. American technical and management services can be of valuable assistance in various fields. Wood processing and tourist facilities, among other lucrative possibilities, come to mind as outstanding investment opportunities. American manufactured products similarly should be much in demand to assist in building up the country's infrastructure and for development in the private sector.

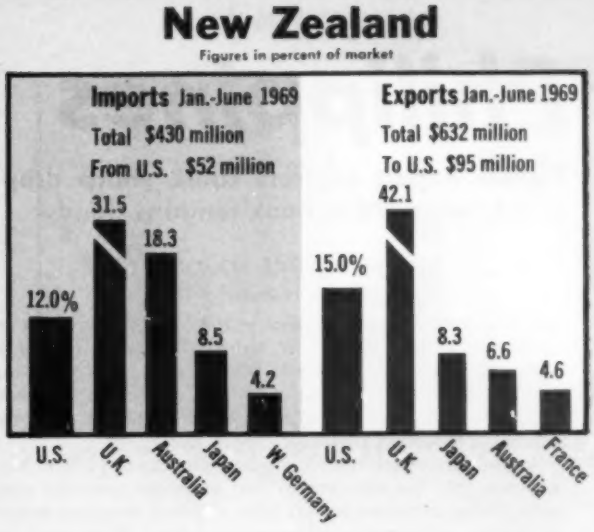


CHIEF MALAYSIAN IMPORTS FROM THE U.S.: tobacco and manufactures, miscellaneous machinery and parts, machines for special industries, non-electrical power generating equipment, road motor vehicles, paper and paperboard articles, chemical products. CHIEF MALAYSIAN EXPORTS TO THE U.S.: tin and alloys, crude natural rubber, vegetable oils, fish and fish preparations, preserved fruits, lumber, cotton fabrics, clothing.

New Zealand

Steady economic growth, fewer import controls point to higher 1970 sales

By JOHN N. RANDOLPH, JR.
Far Eastern Division, BIC



The New Zealand economy is now on a steady course with a strong balance of payments position. U.S. sales will increase in 1970 as further import licensing controls are removed.

New Zealand's gross national product is estimated to have increased 6.5% to $4,816 million in the fiscal year ended Mar. 31, 1969. Price rises accounted for the larger part of this increase; the increase in volume of production (real growth) was only about 2%.

Capital expenditure lagged behind current expenditure during fiscal 1969; however, estimates for fiscal 1970 (ending March 1970) project a 9% increase in private capital formation and a 7.5% increase for the public sector. A large proportion of New Zealand's investment expenditure is for imported plant and machinery.

New Zealand's current account has been in surplus for some time. During the year ended June 30, 1969, export receipts exceeded a billion New Zealand dollars (U.S.$1,120 million) for the first time. With import payments of U.S.$864 million and an invisibles deficit of $200 million, the current account surplus was $56 million compared to $42 million the previous year. Capital payments overseas exceeded receipts by $59 million, chiefly because of increased official debt repayments and reduced official borrowings. The overall deficit was only $3 million.

Forecasters predict that the current account will move back into deficit in 1970 as a result of increased import payments.

In New Zealand, the import licensing year covers the period from July 1 to June 30. During the current year, the Government predicts that 58% of all imports in terms of value will be exempt from licensing controls. This is evidence of New Zealand's determination to gradually liberalize import controls, which have been in existence over 30 years. Just two years ago, two-thirds of all imports required licenses.

On Oct. 2, the Minister of Customs announced that additional exemptions would become effective next July, raising the percentage of imports free from controls to 68%.

Import liberalization affords new exporters the opportunity to make sales in New Zealand. In controlled items, the channels of distribution are monopolized by those few firms with license entitlements, which generally depend on their traditional sources of supply.

New Zealand's total imports increased 28% to $892.4 million in the year which ended June 30. The United States had the best relative performance of any major supplier. Imports from the United States rose 45.5% to $111.3 million, raising the U.S. market share from 11% to 12.5%.

The British share increased slightly from 30.2% to 30.5%, while the Australian share slipped from 21.3% to 19.7%. Imports from Japan increased by over $8 million; however, the Japanese share of the market was stable at 8.1%.

U.S. exports to New Zealand for the first ten months of 1969 (according to U.S. Census data) were valued at $84.7 million, a 13.4% decline from the same period in 1968. The dock strike affected the flow of exports during the early months of 1969, and shipments of commercial aircraft for New Zealand's airlines had accounted for a large part of the surge in U.S. exports in 1968. Otherwise, the U.S. export performance was steady during the past year.

New Zealand's sales to the United States continue to grow. In the year ended June 30, New Zealand exported $213.4 million worth of products to the United States. Exports of meat (mostly beef and veal), valued at $113.8 million, earned nearly as much revenue for New Zealand as its butter exports to the United Kingdom, worth $116.6 million.

The United Kingdom is still New Zealand's largest market, having purchased over 39% of total exports in the year ended June 30. Lamb, butter, wool, and cheese account for the bulk of these sales. The U.S. share was 19%, the Common Market countries received 12%, Japan nearly 10%, and Australia just over 7% of the total.

U.S. imports from New Zealand for the first ten months of 1969 (according to U.S. Census data) were valued at $181.1 million, an 8.5% increase over the same period in 1968. The United States is second only to the United Kingdom as a market for New Zealand's dairy products and is a substantial purchaser of her wool.

Prospects for sales of U.S. equipment are particularly enhanced by the recent surge in minerals exploration. Offshore oil was struck by one consortium—the feasibility of exploiting it is still being evaluated as more test bores are being sunk.

Other developments in the minerals field include the production of bentonite, commercial exploitation of beachsands, sulphur mining, and the production of lead-zinc-copper concentrate. A scheelite reserve is being assessed, deeply-buried silver leads are being prospected for, and about 60 minerals have been named in applications for other prospecting warrants.

The shortage of skilled labor, now becoming acute due to the buoyancy in the economy, is generating a demand for more efficient materials-handling equipment and automatic process-control instrumentation.

NEW ZEALAND'S CHIEF IMPORTS FROM U.S.: aircraft, engines, chemicals, tractors, telecommunications equipment, fertilizer and tobacco. NEW ZEALAND'S CHIEF EXPORTS TO U.S.: beef, veal, wool, furskins, crayfish, dairy products and sausage casings.

XUM

Philippines

Tighter import controls cause sharp drop in U.S. sales; '70 outlook remains cloudy

By MAURICE KOGON
Far Eastern Division, BIC

U.S. exports to the Philippines in 1969 fell sharply below the record level of the previous year. Moreover, the U.S. share of the Philippine market dropped last year to its lowest point since World War II. The outlook for 1970 is also discouraging. Although the U.S. market share may improve somewhat, another substantial reduction in exports appears likely.

Several factors account for the declining export pattern. Most important are the new import and exchange controls, credit curbs, budget cutbacks and tax hikes imposed to correct mounting balance of payments and budgetary deficits. These restrictive measures, if effective, will not only reduce the supply of imports but, by slowing down the pace of infrastructure and industrial activity, will also depress import demand.

Stiff new controls

The import restrictions imposed in November were more stringent than any adopted since mid-1967, when the Philippine payments problem first became evident. They provide for a ban on all imports except producer and essential consumer goods specifically permitted by the Philippine Central Bank. However, even permissible goods cannot be imported without a covering letter of credit (L/C) and, in the case of machinery valued above $50,000, without prior Central Bank approval.

Moreover, all commercial banks are now required to ration their monthly issuance of L/C's in accordance with ceilings set by the Central Bank. The present monthly ceiling for each issuing bank is 55% of the average monthly amount issued during the base period (Oct. 1968-Apr. 1969).

It is not yet clear, however, whether the present import restraints will suffice, or whether even tighter controls will be needed to close the trade and payments gap. The previous import restrictions were not adequate in this regard. Although they checked further import growth in 1969, they did not significantly reduce import levels, except from the United States. Philippine trade data for the first nine months of 1968 and 1969 show total imports down only 1% last year, to $856 million f.o.b., while exports rose by only 1% to $648 million. Thus, the trade deficit was running at nearly the same pace as in 1968, when it reached a record $302 million.

Conceivably, with the addition of tough new domestic austerity measures, no further import controls will be needed. Last year, massive spending associated with the election campaign, together with heavy private-sector inventorying in anticipation of stronger controls, virtually nullified the effectiveness of import restraints. Thus, to ensure greater impact this year, the Government has raised import and other taxes; tightened the advance deposit requirement for imports, and cut spending on projects which normally require heavy imports of machinery and equipment. In addition, Government banks were instructed not to extend any new loans or guaranties to local firms, including guaranties of foreign supplier credits, pending a reassessment of credit priorities. This action will particularly discourage imports on a deferred L/C payment basis, since in the absence of Philippine bank guaranties, foreign suppliers may be reluctant to extend credit to their Philippine customers.

There is some concern, however, that the austerity measures, in curbing import demand, will also slow down the pace of economic growth. Although real GNP growth in 1969 may have matched the 6.4% rate achieved in 1968, it may be difficult to sustain that pace this year under tighter credit, spending, and import restrictions. The manufacturing sector, in particular, relies heavily on loans to finance essential import requirements as well as new productive ventures. Manufacturing output in the last two years has grown at a much lower rate than the overall economy, averaging about 5.2% in real terms.

The slower pace of manufacturing activity, together with import controls, have already caused a sharp reduction in U.S. exports. U.S. data for the first ten months of 1969 show U.S. exports to the Philippines, at $316 million, nearly 16% ($59 million) below the corresponding 1968 figure. Philippine import data reflect the same downward trend. For the first eight months of 1969, Philippine imports from the United States had fallen to $222 million f.o.b., or 9% below the Jan.-Aug. 1968 level, giving the United States a 29.2% share of the market, compared with 31.7% at the same point in 1968.

U.S. losses occurred in nearly all commodity categories, with cereals, animal feeds, miscellaneous food preparations, paper, clothing, textile fabrics, chemicals, metal manufactures and transport equipment especially hard hit.

Japanese and European suppliers, on the other hand, fared reasonably well last year, notwithstanding import restraints. They benefited partly from the fact that their exports tended to fall in the unrestricted areas. In addition, however, they frequently outperformed U.S. suppliers on a strictly competitive basis, particularly where credit arrangements were concerned.

Despite the discouraging outlook, some promising opportunities have developed for sales to the agribusiness and mining sectors of the economy, which have continued to expand rapidly. Best prospects for U.S. suppliers will be for grain storage and handling equipment, farm machinery, food processing machinery, livestock, dairy and poultry processing equipment, irrigation equipment, and mining and mineral processing machinery.

PHILIPPINES' CHIEF IMPORTS FROM U.S.: non-electrical machinery, transport equipment, grains, chemicals, electrical machinery, raw cotton, textiles. PHILIPPINES' CHIEF EXPORTS TO U.S.: sugar, coconut products, clothing, abaca, canned pineapple, plywood and veneer.

Singapore

Vigorous economic growth should continue; U.S. exports recorded big gains in 1969

By JOHN E. WALSH
Far Eastern Division, BIC

U.S. sales to Singapore, which last year experienced one of the largest percentagewise increases in the Far East, are expected to rise further in this expanding sellers' market during 1970.

Knowledgeable sources agree that the current growth of Singapore's economy is particularly vigorous, and this expansionist trend should continue at least in the foreseeable future. Virtually all economic indicators showed positive gains during the latter half of 1969. New industries and expansion of existing ones will undoubtedly continue to create new demands for additional products, including many in which American lines of supply are already strongly competitive.

Singapore's Prime Minister Lee Kuan Yew recently warned against complacency in taking the country's steady progress for granted. He noted that good judgment, bold planning, and hard work are needed to maintain past gains and to achieve even higher economic levels.

At the same time he pointed out that the economy had again surged forward. During the preceding 12-month period (mid-1968 to mid-1969), output of manufacturing companies rose by 25%. Output of pioneer status companies by themselves was 56% higher in value. Consumption of electric power climbed another 15%. Commercial bank deposits rose nearly 24%, with loans and advances jumping more than 38%.

The country's external trade was some 16% higher, with exports of locally manufactured products showing a 21% increase. The Port of Singapore, now fourth-ranking port in the world in cargo handled, was clearly eyeing Yokohama's third-ranking spot when it announced plans over the next five years to further improve and expand existing facilities.

No data are yet available on actual economic growth rates later than 1968, when the advance in the country's gross domestic product, in nominal terms, was recorded at around 13%. Over a third of this increase came from entrepot trade and one-fifth each from manufacturing, domestic trade, and other services including tourism. This compares with a recent average growth rate in real terms of about 7% a year in the first half of the 1960's and 10% since 1965.

Today, certain factors are still in play which augur some relative slowdown in Singapore's economic growth during the early 1970's. However, the depressing impact to be felt from these factors (e.g., the economic consequences of the British withdrawal) now appears to have been much reduced, and it is anticipated that a real growth rate of at least 5% a year will be maintained.

Singapore trade data for the first nine months of 1969 show exports amounting to $1,153 million and imports of $1,505 million, increases of 22% and 11% respectively, over the comparable 1968 period. These statistics show the United States supplying $114 million, or 7.6% of total imports and taking $123 million, or 10.7%, of exports. These figures also show Singapore, for a change, running a slight favorable balance in its trade with the United States.

According to U.S. Census data, U.S. imports from Singapore in the first ten months of 1969 were valued at $43.5 million, a whopping 107% jump over the comparable 1968 period. U.S. exports to Singapore during the first ten months amounted to $117.9 million, a 47.6% increase over the comparable 1968 period.

The current buoyancy in the Republic's economy stems from a variety of factors: a continued rapid growth in entrepot trade; acceleration of domestic exports; a sizable growth in tourists; and a large increase in private investment, domestic as well as foreign, which went mostly into new manufacturing industries, shipbuilding and repair, and hotel construction.

The greater-than-expected success in Singapore's drive toward industrialization in turn has been attributable to a number of specific developments: the current oil exploration boom in the Southeast Asian region; recent Singapore labor legislation promising greater stability in wages and employee-management relations; and the lead taken by large U.S. business firms in setting up new manufacturing facilities, such as electronic subassembly operations and the oil industry.

In the past year at least 20 well-known U.S. companies have announced plans to invest upwards of $100 million in manufacturing or distribution facilities. Completion of these projects over the next several years will bring estimated U.S. private investment in Singapore to more than $175 million with an additional $25 million in proposed industrial commitments still in the pipeline.

Singapore's importance as a supply center for the burgeoning oil operations in Asia is expected to grow rapidly over the next ten years. To date, providing these operations with supplies and equipment has become a booming business. A major economic impact has been felt in shipyard activities supplying boats, barges, and drilling rigs ordered by the exploration companies. Sales of other locally produced services and equipment items, including prefabricated housing, air conditioners, and pipe are expected to add strength to the economy. Many American and third country businessmen are betting on a promising future for Singapore by their presence; others may also find it attractive.

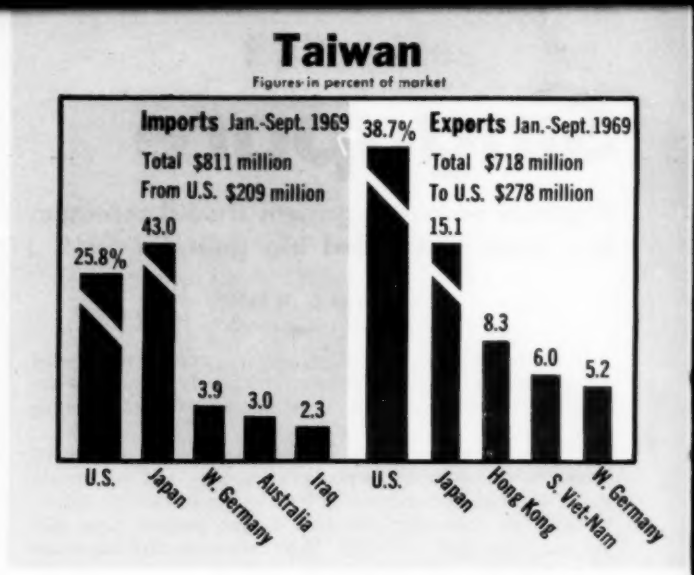
SINGAPORE'S CHIEF IMPORTS FROM THE U.S.: industrial machinery, non-electrical machinery, aircraft, electrical machinery, tobacco, power generators, chemical products. SINGAPORE'S CHIEF EXPORTS TO THE U.S.: crude rubber, coffee, spices, clothing, lumber products, ships' stores, preserved fruits.

XUM

Taiwan

Vigorous economic growth forecast; U.S. suppliers share in import rise

By JAMES R. JOHNSTON
Far Eastern Division, BIC



Taiwan's economy appears headed for another year of vigorous growth in which total imports should continue their strong upward trend, and imports from the United States are expected to grow significantly.

Economic expansion is being fueled by mounting industrial production (up 20% in the first half of 1969 over the same period of 1968) and record agricultural crops, combined with strong demand in world markets for Taiwan's output. While Taiwan is increasing its imports to meet progressively greater needs, much of the increase is coming from sources other than the United States. Increased price competition from other foreign suppliers appears to be a key factor in holding down U.S. sales.

GNP in 1969 was estimated at $4.7 billion, up about 10% in real terms from 1968. Current indications point to a comparable increase in 1970, continuing the rapid expansion that has characterized Taiwan's development for more than a decade.

Business confidence continues high. Among imported items, the machinery and equipment category is showing substantial increases, reflecting a vigorous pace of capital investment.

After showing stability for about a year, prices registered some marked advances in the latter part of 1969. The official index of wholesale prices, which had been 104.46 in October 1968, rose from 101.65 in September 1969 to 105.95 in October 1969, while the official consumer price index, which had been 123.38 in October 1968, rose from 125.83 in September 1969 to 137.19 in October 1969. Wage rates at all skill levels have shown upward movement in recent months and some labor shortages have appeared, particularly in the textile and electronics industries.

According to Taiwan customs data, total imports in the first nine months of 1969 were 36% greater than in the corresponding period of 1968. Although the U.S. share of the market slipped from 28% to 26%, imports from the United States were up 23% by value. The United States as a supplier is being increasingly challenged in a number of commodities, including cotton, man-made fibers, chemicals, synthetic resins, and plastics. Nevertheless, the United States has continued as a major supplier of a broad range of commodities, particularly in certain kinds of heavy machinery and transport equipment, and in telecommunications and electronics.

Imports from Japan, the principal competitor, have shown a strong progressive rise over the last several years, and it appears likely that the Japanese will further increase their share of the market. Imports from Western Germany, which have shown an upward trend in many lines of machinery and equipment, have been made somewhat less competitive by the revaluation of the mark.

Taiwan's customs figures show a 24% increase in total exports during the first nine months of 1969 compared with the corresponding period of 1968. Exports to the United States rose a striking 39%, from $200 million to $278 million, while the percentage of Taiwan's total exports going to the United States also moved up from 34% to 39%.

Reduction of the import deposit requirement from 50% to 25% as of Aug. 18 reduced the relative advantage enjoyed by suppliers located nearer to Taiwan. Importers now have less of their capital tied up during the longer time required for shipment of goods from the United States than for shipment from closer sources such as Japan.

Promising opportunities for sales are found in the following equipment categories: metal working, textile, plastics, construction, food processing, testing, measuring, control, materials handling, office, chemical, and packaging. Emphasis on investment in transportation, communications, electric power and other infrastructure under the Fifth Four-Year Plan (1969-72) will mean substantially greater imports of heavy capital equipment.

Taiwan's gold and foreign exchange holdings in mid-1969 were $462 million, adequate to support about five months of imports. Recent figures on imports and exports suggest that the level of gold and foreign exchange holdings has probably not changed significantly since mid-year, and 1970 could bring a further build-up of reserves. There are no indications that Taiwan is currently planning any major changes in its system of strict foreign exchange allocation.

A U.S. solo exhibit featuring selected industrial machinery is proposed for Taipei in November 1970. Exports of American machinery and equipment to Taiwan are being financed under a $5 million U.S. Export-Import Bank loan to two Chinese banks, the Central Trust of China and the Bank of Communications. This credit is currently available for subloans to industrial enterprises in Taiwan.

The value of foreign investment applications approved in the first nine months of 1969 was 8% above the corresponding period of 1968. The Government's system of investment incentives, together with Taiwan's supply of low-cost labor, continues to make the island attractive to foreign investors. Although the policy of encouraging foreign investment appears likely to continue, the criteria for approval of applications may become more selective.

CHIEF TAIWAN IMPORTS FROM U.S.: machinery and metal manufactures, soybeans, cotton, electronic components, aircraft, vehicles and parts, and chemicals. **CHIEF TAIWAN EXPORTS TO U.S.:** clothing, plywood, radio and television sets, plastic manufactures, sugar, canned mushrooms, and canned pineapple.

Thailand

Economic development pace moderates; U.S. exports should pick up in 1970

By FLOYD J. DUBAS
Far Eastern Division, BIC

Some slackening in Thailand's recently vigorous economic development pace is reflected in lower gains in import purchases in 1969 after they had rapidly accelerated in previous years. U.S. sales to Thailand, after a series of substantial increases, were off significantly last year, but should show some rise in 1970 as Thai economic development continues and increasing prosperity offers new sales opportunities for American suppliers.

The remarkable forward drive in the economy in recent years is showing some loss of momentum. The annual growth of gross national product, in real terms, averaged about 8% during the first development plan period (1961-66), and, after a drop to below 5% in 1967, was again at nearly the 8% level for 1968. A preliminary estimate for 1969 indicates a more modest rise, attributed mainly to the 1967-68 drought and an increasing trade deficit.

Agricultural production, the mainstay of the Thai economy, showed good recovery in 1969 over the two previous years when crops were inhibited by drought conditions. However, the value of rice sales lagged somewhat due to lower prices, increased competition in Asian markets, and some shift in the pattern of rice sales in rice deficit areas. A year-end action was taken by the Government to raise export premium rates on rice to encourage exports.

The overall balance of payments, which was unfavorable in the first half of 1969, may have been negative for the full year for the first time in recent years. The size of the negative trade balance, particularly with Japan, has prompted Government officials to negotiate for increased purchases by Japan of Thai products.

Strong import demand

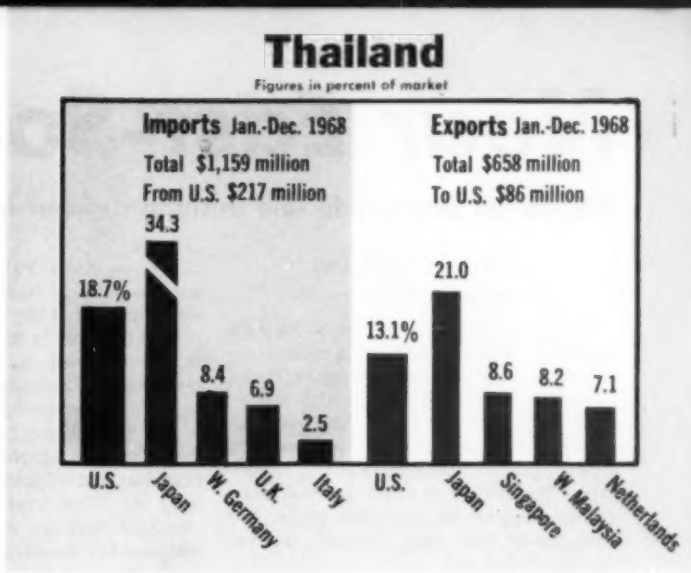
Developments strengthening import demand include a continuing rise in agricultural production, and an even faster gain in manufacturing which averaged 14% annually in recent years. The Government's development budget was increased by 18% in FY 1970 (ending September 1970) to a sum of $572 million. Since recent infrastructure development has closed gaps in transportation, electric power and irrigation, future spending will be importantly in the agricultural sector.

The pace of private investment quickened in the first half of 1969, and a large loan from the Asian Development Bank to the Industrial Finance Corporation of Thailand will finance new manufacturing facilities. New private foreign investments probably reached a record high in 1969.

Thailand continues to hold sizable foreign exchange reserves which amounted to $873.6 million at the end of October. The fact that no action is in prospect to cope directly with the balance of payments situation may signify a local consensus that smaller foreign exchange reserves would not depreciate Thailand's creditworthiness in world money markets.

That the rate of growth in Thai total imports may have been down in 1969 from previous years is indicated by a growth decline of 5% in the first five months of 1969 as compared with a rise of 9% in 1968 and 19% in 1967. American suppliers obtained increasingly larger shares of the Thai import market in recent years, 16% in 1967 and 19% in 1968. However, the completion of major Government infrastructure projects, some large private enterprises, and U.S. Government projects, for which U.S. industrial goods demands were heavy, has reversed the upward climb in U.S. sales, and the American market share dipped to 12% in the first half of 1969.

U.S. exports which have declined the most relate to the generation and distribution of electrical energy, earthmoving, lifting and conveying equipment, and agriculture.



THAILAND'S CHIEF IMPORTS FROM U.S.: tobacco leaf, raw cotton, tractors, excavating equipment, trucks, telecommunications apparatus, insecticides, lubricating oils. THAILAND'S CHIEF EXPORTS TO U.S.: tin ingots, crude rubber, tapioca and cassava, kapok, shrimp, precious stones.

Good future for U.S. sales

Despite reduced sales in some items, U.S. exporters have maintained large volume sales in many product lines. Also, important gains were made by American exporters of chemical products, machinery and appliances, refrigeration equipment, telecommunications apparatus, trucks and leaf tobacco. Rising consumer demands brought modest rises in U.S. sales of several consumer products.

The size of the Government's economic development budget, which stresses agriculture, and vigorous development activities in private sectors, are harbingers of new import demands for suitable machinery and equipment. Increased attention by Government to agricultural production, such as increasing the availability of credits for farmers, means new import demands for the tools and equipment of modern agricultural technology.

American suppliers have had an important market development advantage in the Thai market since 1962 in the trade promotion services of the U.S. Trade Center in Bangkok. New exhibit plans for 1970 include the initiation of an Agriculture Year Program featuring exhibits of agricultural machinery and equipment and seminar lectures on agricultural technology. Trade Center plans for the first half of 1970 also include a water supply and sanitation show, a business machines and equipment exhibit, and up-country touring exhibits of agricultural machinery and equipment. All of these will feature trade mission and seminar accompaniment.

XUM

Near East-South Asia

U.S. should continue in role as main supplier in 1970 but competition is gaining strength

By JACKSON B. HEARN
Near East-South Asia Division, BIC

U.S. exports to the Near East-South Asia region are expected to stage a modest recovery in 1970, following three years decline from their 1966 peak of $2.6 billion. It is anticipated that while American exporters will maintain their predominant supplier position, their share of this rapidly expanding market is likely to be further eroded because of the increasingly stiff competition from other suppliers and the decline of U.S. aid.

The outlook for commercial sales is still promising, however. Rising oil revenues, increased development expenditures, and prospects for special large sales of commercial aircraft and capital goods under Export-Import Bank credits should give our commercial exports a substantial push. World Bank credits also offer a potential for sales of capital goods.

U.S. construction and mining machinery, agricultural machinery, mechanical handling equipment, power generating equipment (particularly internal combustion engines), heating and cooling equipment, and pumping machinery continue to enjoy area-wide acceptance and offer excellent prospects for further growth in sales. Other products with good sales prospects in selected markets include machine tools, oil field equipment, textile and chemical industry machinery, food processing machinery, electric power machinery, aircraft, diesel locomotives and other transport equipment, industrial chemicals and pharmaceuticals, pesticides, industrial raw materials, and industrial components and spares.

U.S. firms also still have an edge on competitors for a fairly important share of engineering, construction, and specialty projects (e.g. desalinization plants), providing suitable financing can be made available. Moreover, it is anticipated that there will be a continuing flow of substantial U.S. sales of special category items and the like to several countries in the area. On balance, the growth in sales should be sufficiently large to offset the expected drop in aid shipments, and still produce a yearly increase of 1% in total exports to the area.

The U.S. aid-financed component of exports, generally on the decline since 1967, is expected to be still lower in 1970, although aid will continue to be a significant factor in our exports to the major recipient countries—India, Pakistan, and Turkey—and, as well, to such smaller markets as Afghanistan and Ceylon. A general decline is to be expected in AID development lending in line with the overall reduction in levels of U.S. economic aid, but shipments in the pipeline should soften the impact.

The outlook for PL-480 assistance depends on crop performance in recipient countries and shipments may reach or exceed the 1969 level—even though such shipments may not regain their former importance in the composition of our exports. India, the area's largest recipient of PL-480 assistance, has been able to reduce substantially its grain imports through a generally successful program of increased agricultural yield. Given favorable weather conditions, it may be able to reduce such imports even further in 1970. Pakistan, too, has expanded its capacity for foodgrains production. Adverse weather conditions resulted in a disappointing crop in 1969, however, leading Pakistan to request PL-480 wheat for delivery in 1970 to cover the deficit. Also, substantial sales of PL-480 wheat are scheduled for Turkey and shipments of much smaller magnitude to other recipients (Ceylon and Jordan).

Market share still falls

Despite this anticipated increase of U.S. exports in absolute terms in 1970, the prospects for arresting or reversing the long range decline in our share of the market still remains a major problem. In the nine markets that account for 93% of our exports to the area—India, Iran, Israel, Kuwait, Lebanon, Pakistan, Saudi Arabia, Turkey, and the UAR—the current 35% U.S. share of market is down 10% from the peak of 3 years ago. A good deal of this decline has been in manufactures (once a strong category). However, significant sales gains have been made in certain important groups, notably chemicals, iron and steel, non-ferrous metals, construction and agricultural machinery, and aircraft.

Shifts in the U.S. export position have occurred as a result of changing costs, higher ocean freight charges, increasingly aggressive foreign competition, exclusive bilateral arrangements, and foreign exchange shortages in many countries.

A major factor governing import levels has been the increasing oil revenues received by many countries in the region not covered separately in this article. The market for U.S. products in the Arabian Peninsula states remains strong. With an estimated $275 million in oil revenues in 1969 Abu Dhabi, Bahrain, Dubai, and Qatar are proceeding with extensive development programs, and also assisting the neighboring sheikdoms through the Trucial States Development Fund. Kuwait, which has been an attractive U.S. market, has become the object of intensified French and Japanese selling efforts, as its rapid development continues. Kuwait City, the capital, is undergoing a marked transformation.

Developments in this booming area include several projects already under construction, or being initiated in rapid succession: U.S. interests in Bahrain are participating in what will be one of the largest aluminum plants in the Near East. Other new projects under various stages of consideration, and of potential interest to U.S. companies, include a magnesium plant similar in concept to the aluminum plant, a flour mill with a 24,000 ton annual capacity, and the expansion of tourist facilities. In neighboring Qatar, a high pressure 24-inch gas line from Dukhan to Umm Sa'id is planned (the project to be awarded on a turnkey basis) and Umm Sa'id itself is expected to become the nation's largest industrial center with topping, refining, and fertilizer plants planned.

Among the other nations, Jordan's imports from the U.S., helped by special category sales, nearly tripled to $60 million in 1969. Construction activity remains high, although new investments in manufacturing equipment appear sluggish. Some business is still being done in Iraq, Syria, Yemen, and Southern Yemen, but the immediate prospects are not bright for a resumption of sales to the pre-1967 levels. Cyprus' rapidly expanding economy continues to provide a small but steady market for U.S. exports of grains, chemicals, and machinery. The U.S. sales forecast here shows a healthy 17% increase to $7 million during 1970. Burma's nationalized foreign trade sector has been beset by declining exports which have restricted its capacity to import, although spot sales of fertilizers and agricultural and construction equipment are made. Sales to Afghanistan and Ceylon, while largely dependent on U.S. aid levels, may increase as the result of both countries' growing, albeit modest, industry.

In all, the Near East-South Asia area has promising prospects for U.S. exporters who make special efforts to cultivate it.

India

Imports continue to decline sharply as economy makes impressive advances

By SUSAN MACLAY
Near East-South Asia Division, BIC

Although the United States continues to be India's leading supplier, both U.S. exports to India and the U.S. share of the Indian market declined significantly in 1969 and are likely to remain at or near last year's level in 1970.

The decline in U.S. sales to India during 1969 can be attributed largely to falling levels of aid. Particularly marked has been the decline in shipments of foodgrains under PL-480—a tribute to the general success of the 'green revolution' in Indian agriculture.

Prospects for 1970 remain somewhat uncertain. U.S. exports to India may remain at their current level or rise slightly, depending primarily on weather conditions. New agricultural techniques are beginning to make India less dependent upon monsoon rains, but poor monsoons in 1970 could make increased grain imports necessary.

The Indian economy has made a steady recovery from the recession of 1965-67. India's gross national product for the fiscal year April 1968-March 1969 is estimated at $45.5 billion (1967 prices), up 4% from the previous year. A growth rate of 5% is projected for the fiscal year ending March 1970, depending on favorable crop yields, increased industrial output, and additional export gains. India's Fourth Five-Year Plan (April 1969-March 1974) is expected to contribute heavily to this growth, with an anticipated outlay of $3 billion for the first year of the plan.

During the first five months of 1969, industrial production grew by more than 7% over the same period of a year earlier, and a similar industrial growth rate is expected to have been maintained for the remainder of 1969. A possible damper on expansion, however, may be the current fluidity of India's political situation. Business uncertainty with respect to government economic policy, heightened by nationalization of 14 major banks last July, has created an atmosphere of widespread caution regarding new investment.

Price movements during 1968-69 were mixed. The wholesale price index for September averaged 224.9 (1952-53=100) compared with 221.4 for September 1968. Food and raw jute prices declined during the same period, but the indexes for industrial raw materials and for manufactures were up.

U.S. trade statistics comparing the first ten months of 1969 with the same period of 1968 show a sharp decline in exports to India. Similarly, Indian statistics indicate a drop in U.S. market share from 37.7% for the first seven months of 1968 to 26.6% for the same period in 1969. Shipments of wheat, the largest component of the U.S. export total, have fallen from $242.9 million in 1968 to $99.6 million for the first ten months of 1969. Nevertheless, the United States remains India's leading supplier and is expected to maintain that position in 1970.

Commodities offering the greatest potential for additional growth during the coming year include transportation equipment, food processing machinery, lubricating oils, industrial chemicals and pharmaceuticals, tractors and other agricultural equipment, nonferrous metals, refractories, scientific instrumentation, electronic equipment, sophisticated machine tools, and special-purpose steels.

India's overall trade picture has been bright during the past year. Improved export performance and a sharp contraction of imports have resulted in a rapidly declining trade deficit. Foreign exchange reserves, which have climbed for the third successive year, reached an estimated $914 million by the end of October.

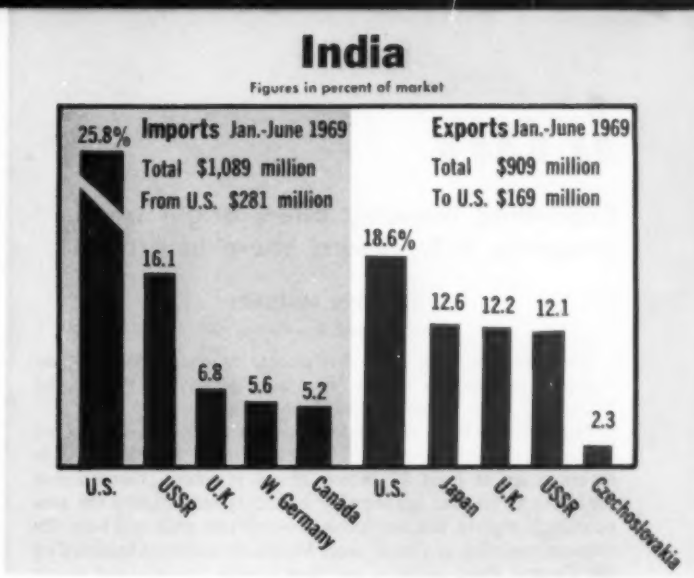
It is uncertain, however, whether India can maintain the current momentum in export sales. A severe shortage of steel has been slowing the export of engineering goods and will make it extremely difficult for India to achieve its drive for a 7% expansion of exports during fiscal 1969-70. As a result, the country will need to rely on a continued curtailment of imports to prevent its balance of payments position from deteriorating.

In line with the overall reduction of U.S. foreign assistance, aid to India will continue to diminish during the coming year. India now recognizes that there is no prospect of receiving the $1.1 billion in aid initially pledged by the World Bank's Aid-to-India Consortium for 1969-70 and acknowledges that $800 million would be a more realistic figure. Of that total, the U.S. contribution will probably not exceed $225 million, as opposed to the $385 million which was first contemplated.

With reduced prospects for financing exports to India under the aid program, U.S. business will be able to maintain its share of the Indian market only through an aggressive selling effort to capture a greater proportion of India's purchases using free foreign exchange.

India's nationalization of major domestic banks has been limited in its effect, and other fiscal and monetary policies have remained fairly conservative. Nevertheless, foreign investment in India declined during the past year. The Government of India approved nine Indo-U.S. joint ventures during the first six months of 1969, compared with a total of 36 in 1968. Areas of continued interest to U.S. companies include fertilizers and chemicals, petrochemicals, agricultural machinery, electronic equipment, and tourism. However, short-term prospects for new U.S. investment remain limited.

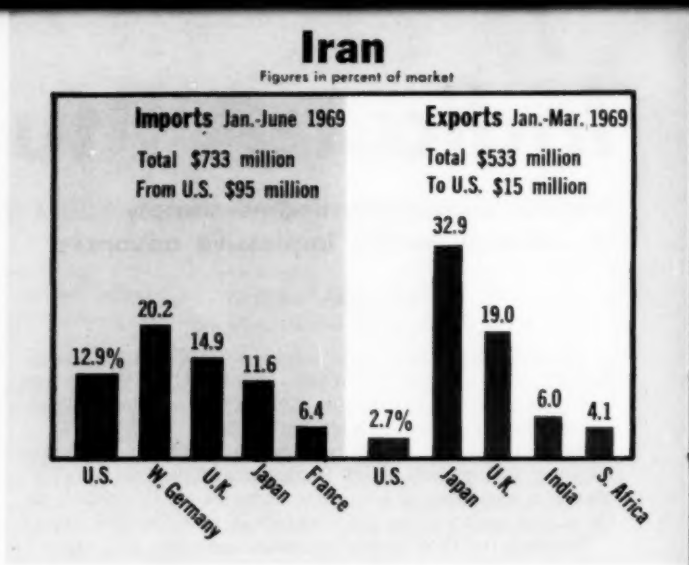
CHIEF U.S. EXPORTS TO INDIA: foodgrains, fertilizers, cotton, soybean oil, petroleum products, iron and steel pipes, and organic chemicals. **CHIEF U.S. IMPORTS FROM INDIA:** jute fabrics, edible nuts, shellfish, cotton fabrics, made-up textile articles, precious and semi-precious stones, and sugar.



Iran

Expanding economy offers bright trade prospects; U.S. exports share in growth

By JOHN M. PERRY
Near East-South Asia Division, BIC



Iran's imports, now more than double their value in 1964, are expected to continue to rise. It is anticipated that the United States will again increase its exports to Iran.

High income from oil and development spending are expected to continue to stimulate the economy in 1970. Iran will be able to count on at least $1 billion in oil revenues. Government measures to combat inflationary pressures may reduce the rate of growth slightly, but ambitious development goals will keep the economy moving at a brisk pace. Monetary restraints imposed by the Central Bank twice in less than a year are expected to cut back some imports, particularly for private interests. Still the government's determination to press ahead with economic development and strengthen its defenses will open new opportunities for sales of U.S. goods and services.

Iran's gross national product (GNP) grew by 10.4% in constant prices during the year that ended Mar. 20 to some $8.6 billion ($270 per capita). The average growth rate over the last four years was 10.5% a year in real terms. Although there may be a mild slowdown in 1970, the government expects to hit the 9.4%-a-year growth target of the Fourth Development Plan (1968-73). The price stability of recent years, however, will be under increasing pressure.

Business is buoyant

Iranian businessmen are active and confident. Although credit restrictions bear more heavily on the private sector, its production and investment have remained strong and are likely to continue in an upward trend.

Iran's total imports (according to Iranian Government statistics that include only commercial imports) were $733 million in the first six months of 1969, compared with $704 million in the first half of 1968. Imports from the United States have been between 17 and 18% of the total in recent years. Although competition for Iranian contracts is increasingly keen from Western European, Japanese and Eastern Bloc suppliers, the U.S. share of the market is expected to be around 17% again in 1970.

U.S. exports of all types to Iran were $294 million for January through October 1969, an increase of 32% over the corresponding period of 1968. These include military and related items. The principal U.S. commercial exports in order of value were industrial machinery, electrical equipment, motor vehicles and components, aircraft, chemicals and pharmaceuticals.

The level of U.S. exports in 1970 will be raised by shipments of aircraft and locomotives financed by the Export-Import Bank and by participation of U.S. firms in trade fairs in Iran. Nine U.S. firms exhibited construction, mining and agricultural equipment at the Second Asian Trade Fair in Tehran during October. Floor sales were $612,000 and the twelve-month sales projection was $4 million.

Product categories that offer prospects of fastest sales growth are machinery and equipment for: heavy construction, refrigeration, air conditioning and heating, office modernization, health, hospital and laboratory improvement, electric power generation and distribution, food processing and packaging, and textile production.

Iran will devote maximum resources over the next several years to building or improving industrial plants, air and sea ports, highways, railroads, dams, commercial farming projects, offices, apartments, schools and hospitals.

IRAN'S MAJOR IMPORTS FROM THE U.S.: machinery and appliances (pumps, heating and cooling, materials handling), power generating machinery, construction and mining machinery, electrical machinery and apparatus, motor vehicles and components, aircraft and railway equipment, and chemicals and pharmaceuticals. **IRAN'S MAJOR EXPORTS TO THE U.S.:** petroleum and petroleum products, animal skins and hair, nuts, carpets, fish and fish preparations, gums and resins, and dried fruits and spices.

U.S. solo fair in 1970

American firms interested in selling in the growing Iranian market are encouraged to participate in the U.S. Solo Exhibition of Industrial and Commercial Modernization Equipment to be held in Tehran May 16-21. For further information call Area Code 202: 967-4705.

Some changes have been made in recent months in Iran's import regulations. The Ministry of Health announced in August that imports of luxury or unnecessary drugs would no longer be permitted. (These were defined as drugs, mostly non-prescription, the lack of which would not hurt any treatment procedure.)

Regulations published in August and September require the Health Ministry's prior agreement for imports of foodstuffs, drinks, cosmetics, insecticides, hygienic articles, containers and packaging. Imports of pesticides and fungicides require the prior approval of the Ministry of Agriculture. These changes affect a number of U.S. exports to Iran—how much will depend on how the new regulations are administered.

Iran's balance of payments showed a deficit in current account of $438 million for the year that ended Mar. 20, 1969, more than double that of the previous year. This was caused mainly by a steep rise in imports, particularly for the public sector. Gold and foreign exchange reserves declined sharply, but a loan from a group of U.S. and European banks improved the situation in September. Iran's credit rating remains excellent.

Israel

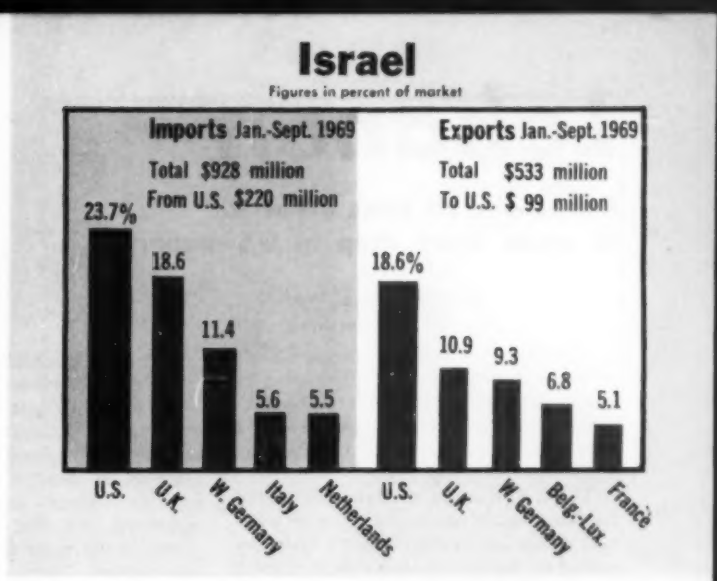
Deteriorating exchange position, threat of inflation may impair import growth

By JOHN P. EDWARDS

Near East-South Asia Division, BIC

During 1970, U.S. exports to Israel are expected to improve on the record level reached in 1969, and to maintain the U.S. position as the country's number one supplier.

Although there has been a dramatic rise in the Israeli Gross National Product (GNP) and in the country's total exports, Israel's trade deficit has widened during the last two years to a point where the traditional surplus in capital movements is no longer sufficient to pull the overall balance of payments into the black. The resulting deterioration in the country's foreign exchange position, and the possibility of inflation may have adverse effects on the overall import position.



Latest estimates place the overall growth rate of Israel's Gross National Product (GNP) for 1969 at 9%—down from the startling 14% increase in 1968, but still a highly respectable performance. Israelis are confident that the current rate of growth can be continued over the coming years. Their optimism is predicated, however, on a solution to the country's foreign exchange problems, on continuing wage and price stability, and the prevention of inflation.

The degree of inflation in Israel over the last three years has, in fact, been remarkably slight—primarily because of an agreement by the Histadrut to pass up certain wage and cost-of-living increases as long as the country's employers maintained price stability. This agreement is due to expire in February, however, and negotiations are currently underway to determine what policy will succeed the present agreement. Should substantial wage increases result, prices are almost certain to follow; and Israel's outstanding export performance—exports in the first nine months of 1969 were 11% above those for the same period in 1968—would deteriorate.

At times, Israeli officials have pursued seemingly contradictory economic goals. They have, for example, continued the country's policy of reducing tariffs despite the deterioration in the trade balance, by announcing 5% cuts on some 400 items effective Jan. 1, 1970. Only a few months earlier, however, purchase tax increases of up to 16% on a wide range of consumer items were announced. The goals are actually not contradictory—the Government of Israel is attempting to force its domestic industry to become efficient by gradually exposing it to increasing foreign competition while at the same time efforts are being made to curb domestic demand—all the while maintaining an 8 or 9% annual growth in GNP.

During the first three quarters of 1969, total Israeli imports were, at $928 million, up about 19% over the figure for the comparable period in 1968. During the same period, imports from the United States rose 26%, and the U.S. share of the market as of Oct. 1 was just under 24%. It is not believed, however, that figures for purchases of special category imports—i.e. military equipment and a few related items—are included in the Israeli total import statistics. If they were, the U.S. share would undoubtedly be much higher.

During the last few years it has come to be expected almost as a matter of course that the United States would be Israel's number one supplier and that our market share would be relatively stable at around 25%. This position may be altered if current negotiations with the European Common Market provide Israel with a preferential trading arrangement. Israel is certain to have to give the Common Market some sort of preference in return, and these cannot help but have a detrimental effect on U.S. sales.

Israel's determination to develop a solid base of export-oriented industry and the present inability of the country's manufacturers to supply the needed capital equipment have, as was noted above, produced massive trade deficits during the last two years. The magnitude of the deficits is such that the traditional inflow of capital from Jewish communities abroad has been insufficient to prevent a rapid drop in international liquidity.

Between Apr. 1 and Nov. 1, 1969, the Bank of Israel's gold and foreign exchange reserves and International Monetary Fund position fell from $770 million to only $454 million, or enough to cover less than five months imports at the 1969 rate. It seems obvious, therefore, that Israel must either sharply reduce its purchases abroad, or that the capital inflow must show a substantial improvement.

Brightest prospects for expanded U.S. sales are in electronic equipment, chemical production equipment, machine tools and hotel and restaurant equipment.

Of special interest is the projected investment of some $100 million over the next 3 to 4 years in Israel's food industry. Now that the country has reached self-sufficiency in most crops and has exportable surpluses in others, increased emphasis is being placed on efficient processing and packaging. All modern equipment for food processing should sell well in Israel, while moderate cost packaging equipment such as plastic forming machinery for display purposes and blister packaging devices have especially bright prospects.

The U.S. Department of Commerce will sponsor an exhibition in Tel Aviv May 23-June 9, in conjunction with the biennial Tel Aviv International Trade Fair. Israeli agents of U.S. firms will be responsible for furnishing equipment to be displayed, and a wide range of products will be featured.

ISRAEL'S MAJOR IMPORTS FROM THE U.S.: special category items, aircraft and parts, wheat and other cereals, paper and paperboard, corn and maize, mechanical handling equipment, and power tools. ISRAEL'S MAJOR EXPORTS TO THE U.S.: diamonds, clothing, textile yarn and thread, textile fabrics, tires and tubes, non-ferrous metals and fresh fruit.

XUM

Lebanon

End to aircraft sales expected to cause sharp drop in U.S. exports

By JOHN P. EDWARDS
Near East-South Asia Division, BIC

Lebanon
Jan.-Oct. 1969

U.S. exports to Lebanon
$81 million

U.S. imports from Lebanon
$8 million

U.S. exports to Lebanon are expected to decline substantially in 1970 despite the maintenance of that country's total imports at roughly the same level—estimated at $500 million—as was reached in 1968 and 1969.

The U.S. share of the Lebanese market has been high in recent years, despite a general disruption in the country's economy, primarily due to successive large sales of aircraft. Such sales amounted to almost $20 million in 1968, and to just under $30 million in 1969. Since no aircraft or other major deliveries are scheduled for 1970, a significant drop in the U.S. export total is expected.

Furthermore, Lebanon has not yet fully recovered from the lingering effects of a reorganization of the banking sector occasioned by the Intra Bank failure in 1966, and the readjustments required by the Arab-Israeli war in 1967. Declining revenues from Western tourists, a depressed construction industry and the increasing propensity of Arab oil states to bypass the Beirut middlemen and deal directly with the European and American capital markets have also contributed to a decline in the growth rate of Lebanese imports.

There are bright spots in the country's economy, however. Taking advantage of increased freight costs for western products shipped to areas east of the Suez Canal, due to that waterway's closure, Lebanese manufacturers have rapidly expanded production and export of light manufactures. Likewise, increasing emphasis has been placed on attracting Arab tourists to cool Lebanon for the summer months, and this type of tourism has grown until it now pumps over $100 million a year into the Lebanese economy—a figure far more impressive than any total for western tourists.

In a country where two-thirds of the Gross National Product (GNP) is contributed by the service sector—primarily banking, entrepôt trade, tourism and the provision of a regional center to foreign firms—business confidence plays a dominant role in assuring continued economic growth. The Lebanese business community seems to have adjusted moderately well to the tense political conditions prevailing throughout the Near East for the last two and one-half years, and to continue to be confident that Lebanon will bounce out of its current difficulties just as it has always managed to extricate itself in the past.

In general, however, few large-scale financial commitments are being made. Such areas as the construction sector have, for instance, suffered considerably despite a significant 30% rise in cement production —one of the major indicators of construction activity— during the first nine months of 1969 as compared to the same period in 1968. Most of the increase in production is accounted for by rising cement exports.

Two major projects—a $50 million expansion of Beirut International Airport and a projected $65 million expressway from Beirut to Tripoli, in northern Lebanon, could have a beneficial effect on the construction sector and the economy as a whole. The World Bank has taken into consideration a plan for financing the highway project, and it is anticipated that a substantial part of the airport costs will be financed from abroad.

During the first eight months of last year Lebanese imports reached an estimated $320.5 million, or 70% of the total 1967 imports of $470 million. The exact 1968 figures are not yet available. The U.S. share of the 1969 figure is just over 12%—a large proportion of which consisted of nonrecurrent aircraft deliveries.

One factor which has been the subject of concern in Lebanon is the considerable outflow of foreign exchange from Lebanese banks to the Eurodollar markets—primarily because of the very attractive returns prevailing in that market and the free convertibility of Lebanese currency into Eurodollars. Despite this loss, however, the foreign exchange reserves of the Bank of Lebanon (the Central Bank) are, at $330 million, only $2 million below the peak reserves for the period since the Arab-Israeli conflict. At an annual import level of $500 million, therefore, the country has adequate reserves for eight months' imports. This level is more than ample, according to international standards.

Lebanon's traditional primary role as a merchant, the relatively small size of the country's market, and its ability to prosper from tourism and services had in the past concentrated business efforts in these fields rather than in industrial development. The crucial importance of area-wide political stability for the service sectors, however, and the success which light manufacturing has had in Lebanon since the Suez Canal closure seems to indicate continued interest and investment in this area. Besides consumer durables which have traditionally found a ready outlet in Lebanon and its area market, therefore, purchases of equipment and machinery for such industries as food processing, textile and furniture manufacturing appear to present excellent opportunities for U.S. business.

Pharmaceutical and medicinal manufacturers may also find a rapidly expanding market for their products if a proposed Medical Services portion of the Lebanese Social System is put into effect in the near future. The plan, which would subsidize drug costs, has been under consideration for some time, but no final decision as to its implementation has yet been taken. In a somewhat related sector, it is likely that the recent completion of a modern Medical Center by the American University of Beirut will result in purchases of up to $2 million worth of medical and scientific equipment in each of the next two years.

The Sample Display Service at the U.S. Embassy in Beirut provides an inexpensive and convenient method of securing agents for the Lebanese and Near East markets. The Embassy also maintains a Regional Business Information Center and publishes the *Middle East American*, a commercial newsletter in English and Arabic which is distributed throughout Lebanon and other area markets.

LEBANON'S IMPORTS FROM THE U.S.: aircraft and parts, passenger cars and trucks, telecommunications apparatus, cigarettes, agricultural machinery, domestic appliances and medicinal and pharmaceutical products. LEBANON'S EXPORTS TO THE U.S.: unmanufactured tobacco, hides and skins, wool, travel goods and handbags, textile yarn and fabric, printed matter and artworks and antiques.

Pakistan

Imports from U.S. should level off after drastic decline during 1969

By FREDERIC W. SIESSEGER
Near East-South Asia Division

U.S. exports to Pakistan, which registered a decline in 1968, fell sharply in 1969. Sales during Jan.-Oct. 1969 at $140 million were 42% lower than for the same period in 1968, and it is estimated that they will amount to no more than $180 million for the whole year. However, 1970 exports should reach a slightly higher level.

American aid, which had buoyed U.S. exports in past years, was reduced in fiscal 1969 to roughly one-half of the amount of the previous year, and the decline in exports is mainly attributed to this reduction. The stringency will continue through this June, and may become even more severe thereafter. But it is likely that sizeable funds remaining in the AID pipeline and recently scheduled PL-480 shipments, as well as an anticipated increase in imports financed by Pakistan's free foreign exchange, will improve the U.S. performance in 1970.

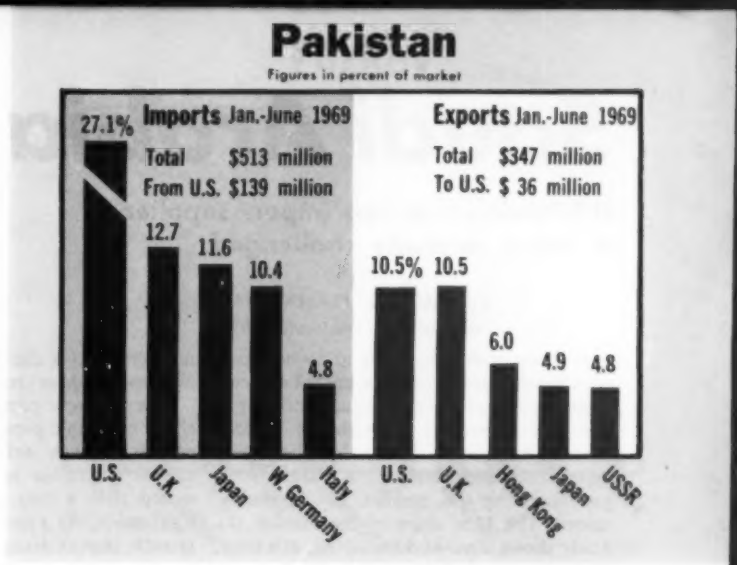
Gross National Product (GNP) increased 5% in fiscal 1969, according to revised estimates. GNP, calculated in constant 1964-65 prices, is expected to increase from $11.9 billion in fiscal 1969 to $12.7 billion in fiscal 1970. The industrial growth rate in fiscal 1969 was only half the planned rate of 14%, and fiscal 1970 estimates have been revised down to 8-10%.

Business uncertainty

During the past year widespread disturbances led to the imposition of martial law. Continuing labor troubles and political uncertainty have strained business confidence, and there is some evidence of a slowdown in commercial activity—particularly in West Pakistan where large private interests are concentrated.

The Martial Law Administration has adopted policies to allay socio-economic unrest. Measures have been taken to improve housing, health, education and labor welfare, as well as to provide additional relief or incentives to small businessmen and poorer classes. Particular development emphasis has been placed on East Pakistan. In addition, on Nov. 28 President Yahya Khan announced plans to hold elections for a National Assembly on Oct. 5, 1970 and to transfer power to a popularly-elected government.

The Government also intends to pursue the implementation of its programs to develop agriculture and export industries by making use of accumulated foreign exchange reserves and easing up on credit restrictions.



Pakistan's foodgrain self-sufficiency programs have received a setback, due in major part to adverse weather in East Pakistan. Revised estimates put West Pakistan's fiscal 1969 wheat production at 6.5 million tons, a small increase over the previous year's record crop. Total agricultural production in East Pakistan declined. Latest official reports put the foodgrain deficit in the East at 1.7 million tons.

While West Pakistan grain has been shipped to the East in large quantities, supplies are not sufficient to meet the urgent needs. Pakistan has requested that substantial quantities of PL-480 wheat be shipped this fiscal year.

Total Pakistan imports in fiscal 1969, valued at $1,022 million, were up 4.6% from the previous year, although $70 million short of the 1967 level. Imports from the United States, at $298 million, declined 2.8% and the U.S. share of the market fell from 32% to 29% according to official Pakistan data. According to U.S. export statistics, however, the decline of American exports was much more severe, as indicated above.

Sales of fertilizers and iron and steel—major AID-financed items—made up almost 30% of the Jan.-Oct. 1969 U.S. export package, and should continue to be major items. Significant gains were registered in sales of agricultural machinery such as tractors and harvesters in 1969. High on the best prospects list are earth-moving equipment, electric power generators, electronic and communications equipment, railroad equipment, textile machinery, cotton saw-ginning machinery and pre-cleaning equipment, air conditioning and refrigeration equipment, and vegetable oil mill plant.

PAKISTAN'S MAJOR IMPORTS FROM THE U.S.: iron and steel products, fertilizers and chemicals, vegetable oils, transport equipment, construction and mining machinery, agricultural machinery, power generating machinery. **PAKISTAN'S MAJOR EXPORTS TO U.S.:** jute and cotton textiles, raw jute, raw shellfish, canned fish, wool, clothing, carpets and rugs.

Still highly dependent on foreign financing, Pakistan has had to cope with the growing burden of external debt service and repayment. Presently, almost one-fifth of Pakistan's foreign exchange earnings go for this purpose. The outcome is a reluctance to expand borrowing on hard terms. Supplier financing of exports has, therefore, become a key element in competing for the Pakistani market.

There has been a sustained increase in Pakistan's exports in recent years which, combined with a long-range modest increase in the level of imports, narrowed the trade deficit from $515 million in 1965 to $342 million in 1969. Foreign exchange and gold reserves at the end of August stood at $339 million (enough to finance about four months' imports) compared with $195 million at the end of fiscal 1968.

The growth in export receipts has made it possible for Pakistan to increase its reliance on its own foreign exchange resources to finance imports. At present, over half of imports are purchased with Pakistan's free foreign exchange. This growing sector of the market offers new opportunities for U.S. suppliers of competitively-priced goods—particularly industrial equipment and raw materials—through the use of alert and capable agents and distributors.

Saudi Arabia

U.S. position as top import supplier is being seriously challenged

By ALBERT J. PLANAGAN
Near East-South Asia Division, BIC

Saudi Arabia
Jan.-Oct. 1969

U.S. exports to Saudi Arabia
$127 million

U.S. imports from Saudi Arabia
$34 million

U.S. exporters preparing to do business with Saudi Arabia should be braced to meet intense competition in this attractive and fast-growing market. Though the United States continues to be the Number One supplier to Saudi Arabia, it is questionable just how long this position can be maintained. The U.S. share of the market already shows signs of diminishing, at a time when the country's imports from all countries have reached record highs.

Saudi Arabia's total imports have doubled since 1963, and another solid gain is in prospect for 1970. U.S. exports, by contrast, have been lagging. Exports during the first ten months of 1969 were only $127 million against $148 million during the comparable period of 1968.

Part of the sales decline is explained by the U.S. dock strike in the first quarter of 1969. Of more lasting effect, however, are the more attractive pricing and stepped-up promotional efforts of our competitors which limit effective U.S. exports and bidding on important development projects.

According to preliminary estimates, the GNP rose 8% to $2.8 billion for the year ending August 1969, despite a shortfall from anticipated levels in oil income, the rising cost of imports, higher shipping charges, and heavy financial assistance to the UAR and Jordan under the 1967 Khartoum Agreement. However, these factors helped bring about a modest deficit in the Saudi balance of payments in 1968. The climate for improving exports and building investments in Saudi Arabia is nevertheless very favorable. The economy continues to grow at one of the world's fastest rates, and the Saudi currency retains its long standing stability.

The balanced Saudi budget for the current fiscal year (September 1969-70) is holding expenditures, except those for defense, at or below prior year levels. Oil revenues, accounting for 80% of government income, are expected to rise 14% above 1969. These revenues—running to about $1 billion a year—are a major factor in determining spending levels for both public and private development projects, and the level of economic activity in general. Oil output picked up sharply in late 1969 and in October a monthly production record of 3.3 million barrels per day was registered. Also, the Tapline, closed by an explosion in May, reopened in September.

The business community is optimistic about economic prospects. Retail sales are continuing their brisk pace, and private capital formation is growing at an estimated 10% a year, in spite of somewhat tight credit. As a result of rapid economic growth, import demand is rising, construction booming, and the industrial sector is beginning to diversify.

For development spending, which continues at a high level, $596 million has been earmarked in the special projects budget for Fiscal Year 1970. This represents an increase of 4% over the last year and is nine times higher than the amount allocated in 1961.

Following are some of the approved or anticipated projects:

Approved—A $200 million project for international airports at Jidda and Riyadh. Tenders are being accepted through April 25, although actual construction is not expected to begin until fiscal 1971. Airways Engineering Corp. of Washington, D.C., has prepared the design and specifications for these airports. There are good opportunities for U.S. companies in both securing the prime construction contract or a number of subcontracts. Bid invitations are also expected for the construction of several secondary airports.

Approved—The construction of a $14.5 million water distribution system in Jidda.

Anticipated—The expansion of the Jubail and Dammam ports; a ground satellite station near Jidda; the initiation of a nationwide telecommunications network; modernization of the Mecca and Riyadh water and sewage systems; extension of the Al Hasa irrigation; and planned construction of 6,900 kilometers of highways.

Projects in Saudi Arabia are attractive indeed, and as in the past are the object of keen international competition. The French, for instance, have launched a major sales drive, including an industrial exhibition in November—the first of its kind in Saudi Arabia. In addition to consumer items—many of them new to the Saudi market—the exhibition featured advancements in French technology in telecommunications systems, airport construction, ground satellite stations, sewage systems, and seaport construction equipment.

During recent months, U.S. or other companies were awarded contracts for the erection of a desalinization plant at Al Khobar, $60 million for the Tabuk military cantonment, $7 million for expansion of the Yamana Cement Co.'s plant, a commission for drawing up a ten-year development plan for the Kingdom's health services, and the construction of a new hospital in Riyadh.

These are typical of the multi-million dollar contracts the government plans to award during 1970. Plainly, this strong effort by foreign competitors will require increased sales and representational promotion by U.S. suppliers. The potential for developing business is considerable.

SAUDI ARABIA'S MAJOR IMPORTS FROM THE U.S.: rice, wheat flour, power generating equipment, cooling equipment, pumps and centrifuges, telecommunications equipment, construction and mining machinery, cars and trucks, and automotive parts. SAUDI ARABIA'S MAJOR EXPORTS TO THE U.S.: petroleum and its products.

U.S. foods on display

The United States will mount a food fair exhibition in Jidda during April to publicize American specialty food products, traditionally a major U.S. export. However, in addition to prospects for increasing American sales of traditional major exports, there are promising sales opportunities in several new fields. Major hotel complexes in Mecca, Riyadh and elsewhere are being planned that will offer increased opportunities for hotel and restaurant equipment. Food processing industries are being planned that offer possibilities for machinery sales. Increased exploration for minerals other than oil is continuing and could lead to greater mining equipment purchases.

Also, as the Saudi economy develops, increased opportunities will open up for U.S. companies to enter into joint ventures with Saudi firms, or to construct turnkey plants.

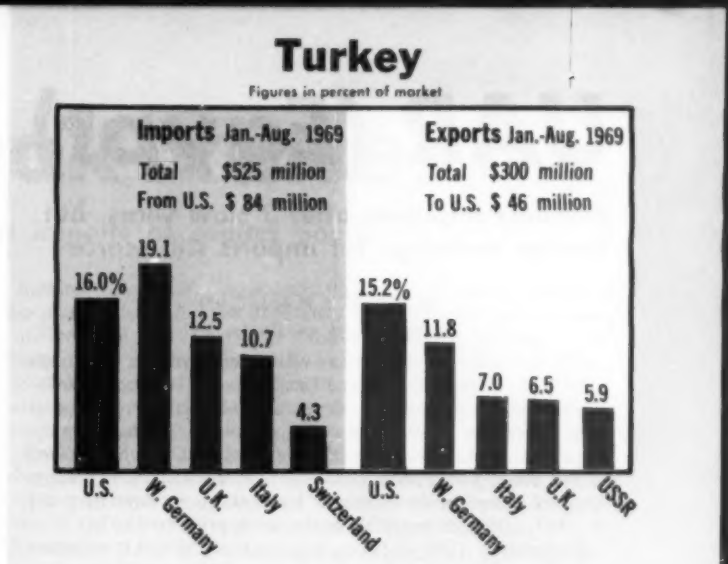
Turkey

Import level steady despite rising demand; U.S. exports were disappointing last year

By PETER B. HALE
Near East-South Asia Division, BIC

Tightly-controlled Turkish imports are expected to continue near previous levels as the country's balance of payments picture improves. U.S. sales should also be near past levels in spite of increased shipments of foodgrains under PL-480.

Strict governmental controls are holding imports down in the face of rising demand, with 1969 totals expected to show only a modest increase to about $780 million when compared with the 1968 total of $764 million. In the meantime, Turkish foreign exchange earnings are showing significant increases. Although the gap between earnings and expenditures is narrowing, it remains substantial.



The Turkish economy is continuing its healthy expansion, with a 6.5% real increase in gross national product estimated for 1969, roughly the same as in 1968. This expansion was registered in spite of the second short wheat harvest in a row, which held down agricultural growth to about 2%. Industrial expansion continued to lead the GNP rise as industrial output posted a better than 10% increase. Given favorable agricultural conditions, GNP growth during 1970 should exceed that of 1969.

Turkey's foreign exchange earnings from several sources increased significantly during 1969. Exports are estimated to have reached $565 million, up almost 15% from 1968. An important contributor to this rise was the increase in exports of fresh fruits and vegetables to Europe, one of the export product areas cited for a major push in Turkey's development plan. Remittances from Turkish workers abroad, primarily in West Germany, showed a large jump in 1969, reaching about $140 million compared with a total of $107 million in 1968. Tourism receipts also increased during the year.

Foreign exchange earnings are expected to rise again in 1970, as exports continue to expand and workers' remittances and tourism receipts increase slightly.

U.S. sales disappointing

U.S. sales to Turkey increased only slightly during 1969, in spite of the addition of about $28 million of foodgrain shipments under PL-480. Imports from the United States are estimated to have reached $130 million in 1969, compared with $121 million in 1968. Shipments of AID-financed goods declined as expected, but commercial exports from the United States to Turkey did not increase as much as anticipated.

Nevertheless, opportunities in the Turkish market for U.S. commercial sales are plentiful enough to warrant investigation by U.S. firms. U.S. suppliers will continue to face growing competition in the Turkish market, both from Western European and, increasingly, from Eastern European suppliers, but opportunities for competitive U.S. firms are present.

Turkish imports remain subject to strict controls, directed at maximizing the utilization of scarce foreign exchange to further the aims of the development plan. Generally speaking, this limits imports to capital equipment and essential raw materials and components. Within these product areas there are numerous opportunities for sales by U.S. firms.

Turkey's continued rapid industrial growth has created a sizable demand for imports of capital equipment. In recent years, demand has shifted somewhat from equipment for basic and infrastructure industries, such as steel mills and power generating machinery, to equipment for secondary industries. Demand for imported equipment for the developing secondary industries is expected to remain strong during 1970. Examples of the types of equipment required include metalworking machine tools, glass and plastics molding machinery, textile machinery, and materials handling equipment.

CHIEF TURKISH IMPORTS FROM U.S.: cereals, motor vehicle and tractor parts and accessories, aircraft, organic chemicals, power generating machinery and parts (except electric), passenger cars, trucks, butter, anhydrous milk fat. **CHIEF TURKISH EXPORTS TO U.S.:** tobacco, edible nuts, chrome ore and concentrates, hides and skins, ferrochrome, crude vegetable materials, crude materials.

Openings for U.S.

The expansion program for Turkish agricultural exports, emphasized in the current development plan, is continuing to produce many opportunities for U.S. sales. The program calls for the procurement of a variety of items, from chemical fertilizers and agricultural implements to storage facilities, refrigeration equipment, food processing machinery, and tranport equipment. It envisages a major expansion of facilities to ready the produce for market and to transport it to European consumers. Commodities involved are varied, but include citrus fruits, tomatoes, edible nuts and vegetables.

The success, again in 1969, of the U.S. Turkex exhibition held in Ankara points up additional sales opportunities for U.S. firms. This show, held in November following the annual Izmir Fair, focused on Turkish Government purchasers and featured office machinery. Sales results indicated a growing market for many types of U.S. office machinery, from typewriters to computers, in Turkey.

Turkey's tourism industry is also expanding rapidly, with numerous new facilities either under construction or are in an advanced planning stage. This is creating a demand for imports of a wide variety of goods, including hotel and restaurant equipment and air conditioning machinery, as well as equipment for support industries.

XUM

UAR (Egypt)

Economy improves after 3 slow years, but foreign exchange for imports still scarce

By ALBERT J. PLANAGAN
Near East-South Asia Division, BIC

The United Arab Republic—which registered its first trade surplus in 30 years during the fiscal year ending June 1969—is nevertheless unlikely to permit a substantial increase in its total imports in 1970. With foreign exchange in short supply, there is a strong possibility that imports will not be allowed to rise much above their currently low levels. U.S. exporters, however, stand to do increased business; more than they did in 1969, although less than in the years prior to 1967.

Preliminary 1969 statistics indicate that the UAR economy staged a modest recovery after 3 years of relative stagnation.

It has been estimated that public investment will have increased 43% to $718 million during calendar 1969. Private investment, encouraged by eased credit availability, also showed a mild recovery. The value of industrial output climbed to $3.0 billion during fiscal year 1969, up 12% from the previous year. Industrial exports, aided by a major increase in petroleum sales, registered a 27% gain to $257 million. Various estimates put daily production from the Alamein, Morgan, and Ras Ghareb oilfields at between 350,000 and 400,000 barrels per day in 1970, or 100,000 to 150,000 barrels more than the 1968 level. The picture from the consumers' side also looks brighter—credit facilities have been expanded, and the price of some durables reduced in order to expand sales.

Although the Suez Canal remains closed and tourism has not recovered to pre-1967 levels, revenues from these sources have been substantially offset by continued financial aid provided by Saudi Arabia, Libya, and Kuwait. The country's financial position has been strengthened by substantial progress in reducing certain of the UAR's backlog of foreign debt obligations.

Tempering this outlook is the regional political situation, and at home, the pressure of a population growing at 2.8% a year. Population pressure continues to place urgent demands on economic resources and development spending. For example, the High Dam, which is scheduled for completion in mid-1970, will provide increased farm acreage to support less than a decade's increase in the population.

The UAR's first balance of trade surplus in 30 years was realized from increased exports of $711 million, mainly agricultural products, and sharply reduced imports of $602 million. Higher prices for cotton, rice, and other agricultural products contributed to the higher export component in the balance of trade. Another factor, perhaps more permanent, is the increase of petroleum exports.

After a major decline following the 1967 war, U.S. sales to the UAR rebounded in late 1968 and continued this advance into 1969. Led by increased sales of aircraft, cottonseed oil, and power generating equipment, U.S. exports probably accounted for a considerably larger share of the UAR market than the 6% American traders garnered in 1968.

As 1970 opens, sales prospects look especially good for aircraft, pesticides, fertilizers, pharmaceuticals, and spare parts. Look also for increased mining, oilfield, and construction equipment sales opportunities as the Third Five-Year Plan gets under way.

A mid-1969 tariff reduction on automobiles, trucks, and spare parts from 250 to 100% should help lower prices and rekindle a once major U.S. export in 1970.

U.S. imports from the UAR have been climbing steadily since 1967, despite a twenty-fold decline in the importation of long staple cotton since that year. Through September 1969, U.S. imports of $27 million were up 15% from the comparable period of the previous year, petroleum accounting for the bulk of this increase.

Despite the growth in UAR exports, foreign exchange availability will continue to be limited by increased imports of essentials such as food, fertilizers, pesticides, pharmaceuticals, raw materials, and semimanufactures. In addition, the UAR will have to allocate its reserves carefully in order to meet sizeable foreign debt obligations.

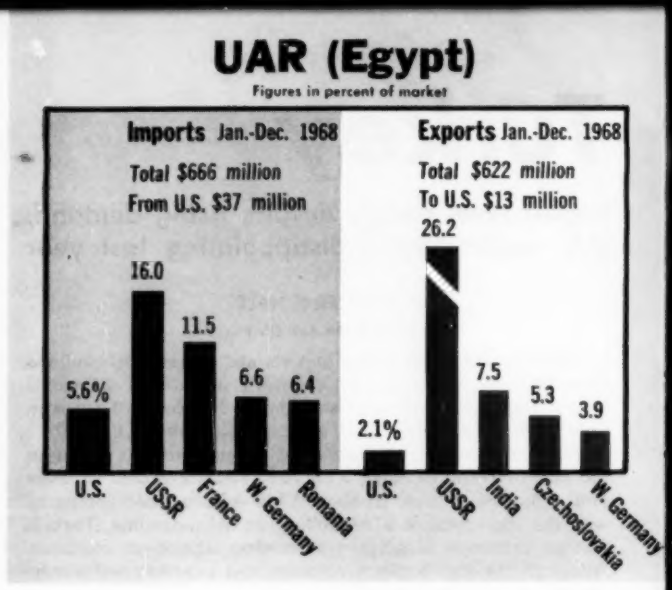
Of the balanced fiscal 1969-1970 budget, $805 million was earmarked for economic investment expenditures, $87 million more than in the previous year. The oil industry has been given increased development emphasis this year with an allocation of $142 million.

Emphasis is also being placed on heavy industry, particularly metallurgy and chemicals. A budget of $80 million has been allocated for the expansion of the Helwan steel complex; $58 million for a 350,000 ton per year fertilizer plant at Abu Madir in an effort to utilize the natural gas deposits discovered by a subsidiary of Italy's ENI; $109 million for transportation and communication projects that will include new telephone exchanges and line networks, the purchase of cargo ships, Alexandria harbor improvements, and new road and railway construction.

The drawing of the Third Five-Year Development Plan for 1970-75 is reportedly nearing completion. With economic investments totaling $5.8 billion, the plan calls for additional employment opportunities for some 1,663,000 persons.

As part of the plan, the UAR Government is considering new incentives to attract foreign capital for the proposed economic projects, particularly in petroleum, pharmaceuticals, tourism, and those fields requiring advanced technology.

CHIEF UAR IMPORTS FROM U.S.: aircraft, animal oils and fats, power generating equipment, construction and mining equipment, pesticides, fertilizers, pharmaceuticals, spare parts. **CHIEF UAR EXPORTS TO U.S.:** petroleum and its products, cotton fabrics.



African outlook varies

Many nations' development plans will boost imports of capital goods

By ALFRED M. LIVERIGHT
Africa Division, BIC

The outlook is for continued growth of U.S. exports to Africa this year in the same 5% to 6% range experienced in 1969. A firm South African market and expanding requirements for capital goods to implement developing countries' economic development plans should push U.S. sales well above the $1,300 million mark.

A continuation into 1970 of the continent's generally good export performance last year, including favorable prices for its major products, will ensure the availability of foreign exchange to pay for needed imports.

This projection represents a combination of largely individual-country factors, since regionwide considerations still play a minor role in the African market. South Africa will continue to absorb at least one-third of U.S. sales to Africa despite marginal increases in the proportion of total sales going to North and Tropical Africa. A tapering off of South Africa's economic growth rate and import requirements should hold U.S. exports below last year's 10% increase (to a record $500-million total), however.

Bright spots

Several bright spots exist among the continent's developing markets. Buoyed by the expansion of that country's petroleum industry, Nigerian imports from the United States should move closer to prewar levels with the apparent end of hostilities. Projected U.S. sales totaling $70 million would restore Nigeria to third-rank among U.S. markets in Africa. Following a sizable expansion last year, sales to Ivory Coast should maintain their current $20-million annual level. Rapid industrial growth and development projects are stimulating Ivorian import demand. U.S. exports to Liberia in 1970, valued at a projected $50 million, should finally recover from their sharp decline of two years ago.

Anticipated increases ranging from 7% to 18% in sales to Congo (Kinshasa), East Africa, Morocco, and Zambia, while gratifying, represent at best a recovery to 1968 levels of $30 million to $60 million each following poor U.S. showings in these markets last year. The apparent diversification away from the United States as a source for alumina may cause exports to Ghana to slip marginally from 1969's estimated $58-million total.

The principal question mark is the U.S.'s second-largest market in Africa, Libya, whose petroleum industry is the largest buyer of American products. Because of uncertainties caused by the military coup last September, oil companies may cut back their investment programs. Continued implementation of the year-old Libyan Five-Year Development Plan, however, could generate a modest increase over 1969's $125-million-plus market for the United States.

Projects aid U.S. sales

Sustaining a steadily increasing market for U.S. suppliers is the economic growth witnessed in the majority of African countries. As many as a dozen countries experienced average annual real growth rates of 5% or more in the 1960s. Additional countries will be added to the list in the new decade, especially those with rapidly expanding mineral exports as Angola, Guinea, Mauritania, and Nigeria.

Projects proposed for implementation in more than two dozen African countries' current development programs offer leads not only to U.S. investors but to exporters as well. The United States is helping to finance projects included in a number of development plans, both through foreign aid and Export-Import Bank loans; the former will be a factor of varying importance in supporting sales of American products to the AID-concentration countries of Congo (Kinshasa), Ethiopia, Kenya, Tanzania, Uganda, Ghana, Liberia, Morocco, Nigeria, and Tunisia.

U.S. suppliers are also expected to share in opportunities generated by World Bank Group loans for projects in Kenya, Liberia, Morocco, and Nigeria, among other countries.

Increased agricultural and mineral production for export is forecast for the African region, at a time when the prices of most foods and raw materials in international trade seem likely to remain at present levels or to rise in 1970. Proceeds from sales overseas of Africa's coffee, cocoa, ferrous and nonferrous metals, when added to steadily expanding exports of petroleum, point to an enhanced capacity to import in the year ahead.

Countering these favorable aspects, continued growth in U.S. exports to Africa encounters formidable obstacles, including an expansion of tariff preferences in favor of the former colonial powers. The Yaoundé Convention linking the European Economic Community (EEC) with 18 mostly French-speaking countries in Africa was renewed last year. When ratification is completed, by the middle of the year, the tariff preferences granted to the Common Market countries by the Africans will be preserved through 1974.

Meanwhile, an unratified EEC arrangement with the three East African countries was renegotiated last year also and awaits ratification by the respective parties. It, like two other partial-association agreements that took effect last Sept. 1 between the EEC and Morocco and Tunisia is not expected to affect U.S. exports much.

Competition for the developing markets of Africa became intense during the past decade and promises to widen in the 1970s. The greatest surge at the present time is coming from Japan, which inched past the United States into third place as a supplier to less-developed Africa in 1968 with an 11.45% share of a $7-billion market excluding South Africa and the UAR (Egypt). The traditional suppliers, France and the United Kingdom, also reversed the gradual erosion of their market shares following their African colonies' independence, capturing 25% and 14% shares, respectively.

Slower export growth rate

In the face of this competition, the U.S. market share reached a record 11.40% in 1968. But the 9% advance in our shipments to all of Africa in that year was not duplicated last year, when we shipped goods valued at an estimated $1,275 million. Nor will that earlier rate of growth likely be repeated this year.

Still, among the major U.S. export categories, capital goods (including automotive vehicles) and non-food consumer goods should continue their strong advances registered in the past two years. Leading the advance in 1969 was the subcategory of excavating and paving machinery; through November sales exceeded full-year 1968's $70 million total by $15 million. Other $50-million-or-more performers last year were civilian aircraft, miscellaneous industrial machinery and parts, non-farm tractors and parts, and wheat and wheat flour.

XUM

Congo

U.S. sales drop as competition grows; investment possibilities encouraging

Congo (Kinshasa)
Jan.-Oct. 1969

U.S. exports to Congo
$36 million

U.S. imports from Congo
$25 million

By JAMES T. DOYLE
Africa Division, BIC

The Congolese import market will likely remain strong in 1970 and U.S. sales to the Congo should recover to a level of about $50 million after a disappointing year in 1969.

Congolese production has made rapid strides in the past several years and the outlook for more growth is good. Foreign earnings remain high and the balance of trade continues in favor of the Congo. The foreign reserve position is strong and there is ample foreign exchange to support a rising import bill. There are no quota or licensing procedures to interdict trade. Public and foreign private investment is increasing and the Congo could become the first country in central Africa to reach self-sustained economic growth.

There are no gross national product (GNP) data available to measure the progress of the economy since the June 1967 economic stabilization and reform program. Nevertheless, production increases in key mining, agricultural, and industrial sectors indicate that a substantial growth in GNP has taken place.

Business confidence in the Congo has made great progress in the past several years. The Congo is attracting increasing numbers of visiting foreign businessmen seeking trade and investment possibilities. While keeping a sharp eye out for national interests, the Congolese Government has had good success in restoring mutual trust. A new investment code was issued in July 1969 and several months later the Union Miniere question was settled to the satisfaction of all parties.

Consumer prices in Kinshasa rose by nearly 7% in 1969 and inflationary pressures in the Congolese economy will likely continue. Judicious fiscal and monetary policies will be required to avoid a return to the serious inflation of the pre-economic reform period.

Copper earnings high

Copper is the bellwether of the Congolese export trade. Price and production of this commodity have been high in 1968 and 1969. Substantial production increases are planned for the future and, if copper prices stay strong, Congolese exports will continue to grow. Another trade surplus appears likely even though imports have recorded striking increases.

U.S. firms have not profited fully from this rising market. The U.S. share of the market—for a number of years between 20% and 25% of the total—fell to about 14% in 1968 and U.S. sales in 1969 have slipped dishearteningly. Falling U.S. aid and PL-480 programs have contributed to the decline but compounding this drop has been the inability of American firms to pick up an increasing share of business in commercial markets.

Competition is keen for the lucrative Congolese import market and foreign firms are aggressively promoting additional business for themselves. European firms, even those without traditional commercial connections in the Congo, are doing well by knowing the language, studying the market, and putting their own men in the field. These firms routinely deal on an open account basis with importers in the Congo and the extension of credit is becoming commonplace. In addition to European competition, American firms must also face similar aggressive sales efforts being mounted by Japanese firms.

Furthermore, in order to protect local new clothing manufacturers and dealers, the Congolese Government hiked import duties on used clothing to a confiscatory level, in the process wiping out a market which meant about $2 million a year to American exporters. This has been, however, the only area in which the Congolese have moved to tighten their import system. The trend has generally been toward further liberalization. The Congo maintains no discriminatory tariffs against the United States although it is one of the Associated Overseas Countries of the European Economic Community.

CHIEF CONGO IMPORTS FROM U.S.: aircraft, construction and mining machinery, wheat flour, passenger cars and trucks, tobacco, mechanical handling equipment, spare parts. CHIEF CONGO EXPORTS TO U.S.: rubber, coffee, palm kernel oil, manganese, wood veneers, zinc, miscellaneous base metals.

American firms that can offer products of better quality, advanced technology, or price competitiveness have the best chance to penetrate the Congolese market. Capital goods appear to offer the best opportunities for increasing sales. The expansion and modernization of the mining and metallurgical industries offer good export possibilities for mining equipment and machinery. The Congolese emphasis on transportation development is creating a demand for capital equipment in all areas of the transportation sector. Needed are locomotives, aircraft, trucks, aviation and marine navigational aids, communications equipment, and marine engines. Road construction projects will require imports of earthmoving and construction machinery. The importation of many of these products can be financed under the U.S. AID program.

Congolese trade surpluses in recent years have been reflected in a favorable balance of payments situation. As a result, foreign currency reserves have grown substantially since the critical days of early 1967. The total now exceeds $200 million.

Incentives spur capital inflow

There are excellent opportunities for American investors in the Congo. American investment projects now under way include petroleum exploitation ventures, mining operations, and agribusiness investments. Travel facilities in the Congo are getting a boost from the 260-room Intercontinental Hotel now under construction in Kinshasa. The Congolese Government actively encourages and offers a warm welcome to American investors. Important concessions for firms investing in the Congo are provided for in the new Congolese investment code promulgated in July 1969, and repatriation of profits or capital is guaranteed.

Some American firms would also do well to consider establishing direct trading representation in the Congo in order to take full advantage of Congolese desires to broaden their supply sources. Such representation might take the form of a cooperative venture with other American firms interested in tapping the wealth of the Congolese market.

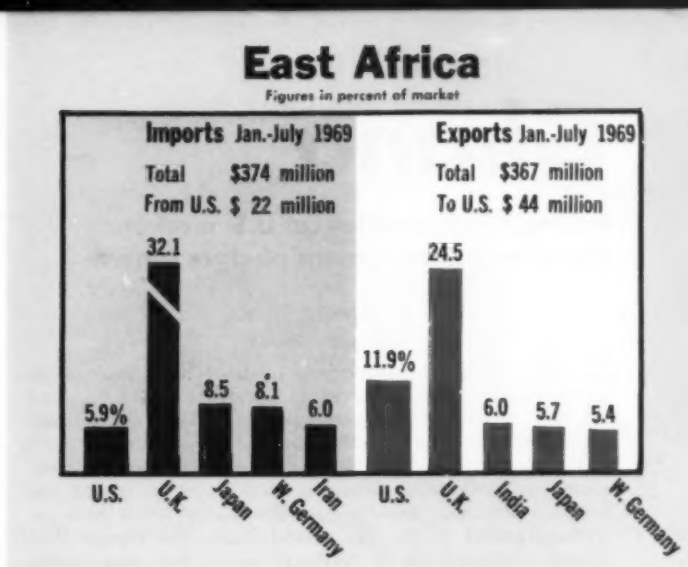
East Africa

Steady growth forecast for region; EEC pact, transport purchases cited

By MAUREEN R. SMITH
Africa Division, BIC

Current market indicators point toward some modest expansion in East African imports from all sources during 1970. Falling slightly behind the general trend, U.S. sales to the three-country Community of Kenya, Tanzania and Uganda should register only marginal gains—probably close to 7% over the final figure for 1969.

Throughout the Community area, expectations are high that the solid economic gains achieved in 1969 will provide a firm foundation for further growth in the seventies. Gross national product (GNP) in the region is currently estimated at $3 billion and official planners are looking toward an average 7% growth rate for the early years of the 1970's. If achieved, such a pace of economic development is expected to produce a rate of import expansion running close to 10% annually.



Shift continues

During the current year, East African import purchases will reflect a continuing shift toward capital goods embodying a relatively high level of industrial technology. Although the United States may be expected to take a proportionate share of these developing market opportunities, realization of any substantive gains will require a revised marketing strategy grounded in realistically competitive pricing, financing and servicing policies.

A recently renewed association agreement with the European Economic Community, providing for reverse preferences on 58 Common Market exports, may form the basis for expanded trading relations with Continental suppliers. For the immediate future, however, the impact on U.S. trade is likely to be minimal.

Kenya will undoubtedly continue to be our leading market in the region with anticipated 1970 sales running close to $18 million. Based on encouraging early data for 1969, Kenyan economists are looking toward a 6.7% increase in GNP for the year ahead. Official planners also expect an upsurge in investment as the new Development Plan in preparation calls for an annual development budget in excess of $500 million. Business confidence is running high and gross fixed investment will probably exceed $230 million in the year ahead.

During 1970, continuing U.S. losses in exports of foodstuffs, paper and paperboard and petroleum products, attributable to increased local production in these industries, should be compensated in part by increased sales of capital goods. U.S. suppliers can look forward to industrial equipment sales associated with a new tire plant to be built during the year, in addition to numerous Development Plan projects scheduled for early implementation. At the same time, renewed growth in the construction sector, implementation of a World Bank-financed highway program and a comprehensive $703 million power development plan, as well as expansion of airport and harbor facilities, could mean U.S. sales of construction and power generating machinery and navigation and airport supplies.

Tanzania's policy of self reliance and import substitution should keep the rate of growth of total imports within modest limits. The principal target of a program of import restraints will be consumer spending, and local production will probably replace the major portion of current U.S. dairy product exports. Balancing declining consumer sales, purchases of foreign capital goods in which the United States enjoys a reputation for quality and technology will probably continue to expand in line with the requirements of the country's $1 billion Development Plan. Public sector spending, particularly for development, is expected to contribute to a rise in machinery and transport equipment imports, and the U.S. share of these new sales will probably bring the year-end total to almost $12 million.

EAST AFRICA'S CHIEF IMPORTS FROM U.S.: industrial machinery, manufactured goods, transport equipment, chemical products, miscellaneous manufactures, paper and paperboard, cereals and foodstuffs, petroleum and petroleum products. EAST AFRICA'S CHIEF EXPORTS TO U.S.: coffee, tea, pyrethrum, cordage.

Despite indications of a recovery in Uganda's economy following a two-year slump, U.S. sales to that country will probably continue to decline, reflecting a slowdown in imports of industrial machinery and equipment associated with a mild recession in the manufacturing sector. Although imports of intermediate goods and raw materials for the textile, metal, and chemical industries are expected to increase, U.S. sales for the year will probably not exceed $2.5 million. Construction and mining equipment are expected to comprise a major portion of this total.

The foregoing projections do not provide for successful U.S. bidding on pending sales of transport equipment; locomotive and aircraft orders from East African Community corporations could add more than $30 million to the U.S. sales total and signal a U.S. breakthrough in a previously British-dominated segment of this market.

Returns from the U.S. Bureau of the Census show ten-month U.S. exports to East Africa valued at $24.8 million, more than 17% below the same figure for 1968. Primarily responsible for the overall decline were combined losses amounting to $4.8 million in Kenyan and Tanzanian sales.

These data reflect the depressing effect of a U.S. dock strike early in 1969; U.S. trade is expected to return to more normal levels in 1970.

Sales prospects are particularly good for heating and cooling equipment, agricultural tractors, construction and mining equipment, office machines, and materials handling equipment of U.S. origin.

XUM

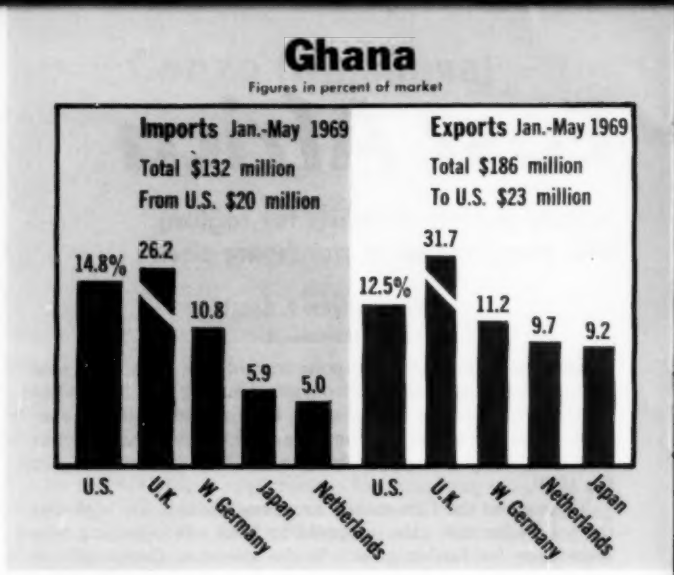
Ghana

Falling alumina sales cut U.S. market share; new Government pledges growth

By JAMES T. DOYLE
Africa Division, BIC

Ghanaian imports will increase modestly in 1970 as development needs grow. However, U.S. exports to Ghana could fall below the $58 million total estimated for 1969, since Ghana appears to be turning to other sources for alumina.

The recently-installed civilian-elected government is committed to accelerating economic development in Ghana and probably will take steps to ease restrictions which have restrained growth in the past several years. The foreign debt burden inherited from the Nkrumah regime, will, nevertheless, continue to require careful management of Ghanaian resources.



Imports will undoubtedly increase if Ghanaian industry is to have the raw materials and equipment necessary to increase its production, but foreign exchange availability and debt repayments are still limiting factors.

Gross national product (GNP) is growing slowly; however, population increases appear to be matching or exceeding overall growth.

The military regime which governed Ghana from February 1966 until last October, scored high marks in the international business community for its cautious financial policies and responsible attitude toward meeting Ghana's financial obligations. The current government appears likely to follow generally the same path with some modifications of its own. The Ghanaian Enterprises Decree of 1968 has created considerable uncertainty among foreign small businessmen located in Ghana but has apparently not affected any American investment or adversely influenced any potential investment decisions.

The consumer price index in mid-1969 stood about 12% above the 1967 level. Some further price increases are likely to occur in 1970. If the government succeeds in generating increased economic growth and creating more jobs, the resulting income growth would exert a strong demand pull on prices. Unless the severe restrictions on imports are eased substantially, the inflationary consequences of a supply shortage could seriously aggravate the present mild price climb.

No sharp increase in Ghanaian imports appears possible without the risk of returning to a deficit trade balance. In the first four months of 1969, export increases have not kept pace with imports, which are up about 9% over the comparable period of 1968.

Of special significance to the U.S. share of the market is the apparent diversification away from the United States as a source for alumina needed for the Valco smelter. Prior to 1969, all alumina came from the United States. Now, however, substantial amounts are arriving from Australia and Jamaica, and increasing reliance is likely to be placed on these sources. Bauxite deposits in Ghana are also a possible future source of alumina and imports of this commodity from the United States may eventually be almost completely displaced.

While imports of some U.S.-manufactured items rose substantially in 1969, alumina has been the mainstay of the U.S. share of the Ghanaian import market. Other U.S. exports may not match the decline in alumina sales, with the result that the U.S. market share will slip somewhat.

Import licensing in Ghana remains restrictive. Although a wide range of commodities theoretically can be imported under open general license, in practice there are administrative impediments surrounding this type of licensing. The 180-day credit requirement remains for most imports, although in some cases imports of critical spare parts and raw materials for Ghanaian industry can be imported under faster payment terms. However, approval for credit under 180 days apparently has been difficult to obtain.

U.S. firms wishing to export to Ghana should anticipate the need to meet these terms. However, the seller need not always depend upon the credit standing of the buyer for eventual payment since the buyer is often required to deposit the c.i.f. cost of the merchandise in a commercial bank in Ghana.

U.S. firms interested in supplying raw materials and semi-manufactured products to industrial firms will find a growing market in Ghana. Ghanaian imports of unfinished goods doubled between 1965 and 1968. These imports are likely to continue to increase as Ghana's fairly substantial industrial capacity is more fully utilized. Needed are plastic materials for the consumer goods industry; leather supplies for the shoe industry; and kraft paper and corrugated paper, paperboard, and liners for the country's growing production of boxes.

Increasing emphasis upon economic growth will also require greater imports of capital goods. There will be a market in Ghana for industrial sewing machines, electrical machinery and switch-gear, refrigeration and cooling equipment, and earthmoving machinery.

Ghana's foreign exchange reserve position remains precarious. Foreign debt repayments still count heavily on the negative side of the balance of payments ledger. Further debt rescheduling would ease this outflow and the Ghanaian Government is pursuing this subject with its major creditors.

Ghana continues to welcome foreign investors into the country and encourages foreign enterprises to contribute to Ghanaian economic growth.

GHANA'S MAJOR IMPORTS FROM THE U.S.: alumina, cotton fabrics, rubber tires, fats and oils, rice, pitch and asphalt, tractors. **GHANA'S MAJOR EXPORTS TO THE U.S.:** cocoa (beans, butter, paste, powder, and cake), aluminum, hardwood lumber, industrial diamonds, manganese.

Ivory Coast

U.S. sales up substantially as economic development stimulates import demand

By JAMES T. DOYLE
Africa Division, BIC

Ivory Coast imports in 1970 appear likely to increase as much as 10% over 1969. American exports to Ivory Coast are also increasing and may exceed $20 million in 1970.

The Ivorian economy continues to expand at a steady rate. Rapid industrial growth is stimulating import demand. World prices for Ivorian export commodities—coffee, cocoa, and tropical hardwood—are good and Ivory Coast will again have a favorable trade balance.

Widespread agricultural diversification is contributing to steady increases in GNP. New investments, public and private, foreign and domestic, stimulate the economy. U.S. exports are benefiting from the construction of the Bandama Hydroelectric Project, which is being partially funded under an Eximbank loan.

Ivorian gross national product (GNP) rose to $1.2 billion in 1968. This represents a growth of over 8%. This climb continued in 1969 and the outlook for 1970 is for more of the same favorable news.

The growth of the Ivorian economy, the government's sound financial policies, and the encouraging climate for private enterprise have resulted in a strong sense of confidence in Ivory Coast among foreign businessmen and bankers.

Prices are rising, especially those affecting the African cost of living. Consumer prices on the Abidjan African market rose 11% from 1968 to mid-1969. The devaluation of the CFA franc, in order to maintain its relationship to the French franc, added to upward price pressure. The cost of importing non-franc zone (including American) goods has increased relative to the price of French products, although the Ivory Coast Government is attempting to resist price increases to consumers by direct controls on prices or profit margins. The French price advantage may not last long, as the prices of some French goods are beginning to climb.

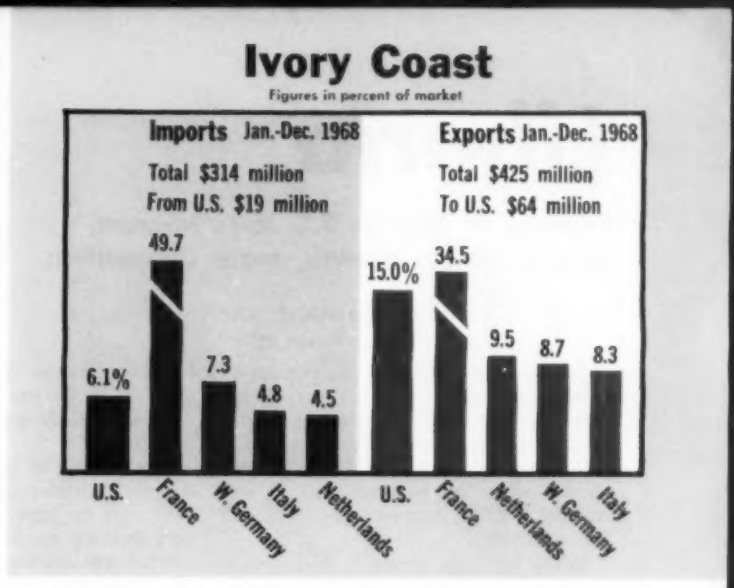
Another trade surplus

Ivory Coast recorded a trade surplus of nearly $100 million in 1968. The trade surplus in 1969 appears likely to have been substantially less. As of the end of June exports were ahead of imports by only $37 million and the amount of this surplus was well behind that of the previous year. The rate at which Ivory Coast is importing is accelerating more rapidly than its rate of foreign sales. Nevertheless, the Ivorian trade accounts should be in surplus again in 1970, for the eleventh consecutive year since independence, a remarkable record for a developing nation.

For several years U.S. firms have supplied a little over 6% of total Ivorian imports. Data available for 1969 indicate that Ivorian imports from the United States were running well ahead of previous years. Heavy construction and earthmoving equipment is running at three to four times the sales of such equipment in 1968. Much of this is due to the Bandama Hydroelectric Project, which is being partially financed under a $36.5 million Export-Import Bank loan. These deliveries will continue into 1970 and, as a result, prospects for an increased U.S. share of the total Ivorian import market are good.

Goods from European Common Market countries enjoy a tariff edge in Ivory Coast by virtue of the Ivorian status as an Associated Overseas Country (AOC) of the EEC. No customs duties are levied on products of EEC member countries (the fiscal tax is assessed on all imports). Some slight cuts in customs duties were made in 1968 and this action had the effect of reducing the preferential tariff margin between EEC and U.S. products.

MAJOR IVORIAN IMPORTS FROM THE U.S.: tractors, construction equipment, passenger cars and trucks, mechanical handling machinery, air conditioning equipment, motor vehicle parts, kraft paper. **MAJOR IVORIAN EXPORTS TO THE U.S.:** coffee, cocoa (beans, butter, paste, powder, and cake), fish, hardwood lumber.



U.S. firms can find a market in Ivory Coast for a wide range range of American-made products. Agricultural diversification and regional development are affording promising opportunities for the sale of agricultural machinery and food processing and packaging equipment. In addition to machinery and capital equipment, increasing agricultural production and the expanding processing of agriculture commodities will require growing amounts of packaging materials of all types.

Ivory Coast's second highest foreign exchange earner, after coffee, is its lumber and wood industry. The growth of this sector is providing a continuing market for production machinery and equipment. Ivorian industrial expansion, which since 1960 has seen output increase five fold, continues at a brisk pace. Modern textile machinery and a wide variety of industrial equipment is required.

The market for construction, excavating, and earthmoving equipment will continue into 1970 both as a result of the Bandama Dam Project and as a result of projects for the construction and maintenance of roads, bridges, sewage systems, ports, railroads, and airports. Finally, American air conditioning equipment has been a popular and growing Ivorian import, so air conditioner sales in Ivory Coast appear likely to improve in the future.

In order to assist U.S. firms to investigate profitable investment opportunities in Ivory Coast, the Ivorian Government has just opened a development office in New York City. Ivory Coast wants more U.S. private investment and hopes that other U.S. firms will follow those which are now finding Ivorian investments profitable.

XUM

Liberia

Increase of 29% in U.S. sales forecast, despite slower growth, more competition

By JOANNE B. KAY
Africa Division, BIC

Liberia
Jan.-Oct. 1969

U.S. exports to Liberia
$37 million

U.S. imports from Liberia
$51 million

In terms of volume, U.S. exports to Liberia are well on the road to recovery from their 1968 setback. Despite heightened competition for Liberia's markets, 1970 imports from the United States should be in the neighborhood of $49 million, a 29% increase over 1968 and 9% over 1969.

While no large, dramatic development projects are immediately foreseen, increases in sales will be generated by international loans and modest investments in forestry, fisheries and mineral deposits. The Government's improved financial condition and increased sales of iron ore (Liberia is the world's third largest exporter) and rubber should also contribute to an overall rise in imports.

Liberia has had a long history of political stability and encouragement of foreign investment. No major changes are foreseen in the Government's "open door" investment policy which has attracted substantial capital inputs from several nations.

The economy grew at a fairly constant rate of 4.7% in real terms from 1960-67. Expansion is expected to be somewhat slower now that large-scale purchases of equipment for the iron mines are virtually completed. The Government should, however, be able to allocate increased revenues to development projects as a result of the stretch-out of its foreign debt repayments and its improved tax collection record.

U.S. is leading supplier

Until recent years, the United States traditionally supplied over 40% of Liberia's total imports. Foreign-financed investment projects, preferences for American products and the large numbers of U.S. citizens residing in Liberia are primarily responsible for this orientation. In recent years, however, the American share of the market has gradually eroded. Preliminary estimates for 1968 place U.S. exports at 32% of the $118 million import total, while renewed strength in 1969 leads to a projection of a 36% market share.

Liberians have been increasingly willing to purchase goods almost comparable in quality to U.S. products when the price has been lower. Also, exporters from other countries are becoming more aggressive in their trade promotion efforts in Liberia.

U.S. exports to Liberia for the first 10 months of 1969 registered an increase of 10% over the same period in 1968. Products showing notable gains were cotton fabrics, non-electrical machinery, including agricultural machinery and construction and mining machinery, and transportation equipment. On the other hand, rice, iron and steel manufactures and electrical machinery recorded substantial losses.

Exports of used clothing are beginning to be adversely affected by the Government's recent enforcement of its long-standing import ban. The awarding of a monopoly for the import of fresh, chilled and frozen meats to the Liberian Supply Company may result in a reduction of meat sales unless U.S. products are competitively priced. With the sizable proportion of Americans among the Liberian meat buying public, however, there should continue to be some good opportunities for future sales of U.S. meats.

Other items that can sell

During 1970 opportunities appear promising for enlarged sales of domestic electrical appliances—especially air-conditioners, construction and mining machinery, a variety of equipment for the fish and lumber industries, road building equipment, and grains for the recently constructed poultry and livestock feed mill. Most of these imports will be utilized in several projects now in progress or under consideration.

Further exploitation of Liberia's minerals would be stimulated if surveys, some of which are already under way, reveal the existence of mineral deposits in commercial quantities. Three U.S. oil companies have been awarded offshore petroleum exploration and exploitation concessions. If seismic studies, which have confirmed the presence of oil, continue to show promising results there will be opportunities for the export of all types of petroleum drilling and production equipment. U.S. firms are looking into the possibilities for development of Liberia's barite and kyanite deposits.

LIBERIA'S CHIEF IMPORTS FROM U.S.: rice, construction and mining machinery, road motor vehicles and parts, agricultural tractors, metal structures and parts, tobacco manufactures, finished rubber goods. LIBERIA'S CHIEF EXPORTS TO U.S.: iron ores, rubber, diamonds, coffee.

More equipment may be needed

Potential expansion of production of iron ore, the country's number one export, could result in increased demand for imports of heavy equipment. Explorations are in progress in the Wologisi Mountain Range and there is also the possibility for additional mining near the Guinean border. Liberia's existing mines are currently importing modest amounts of replacement equipment.

Several U.S. companies have timber concessions in Liberia's largely unexploited eight million acres of forest reserves. The number of sawmills now in operation is expected to grow as additional firms develop their holdings. Processing and road transportation equipment will be needed in order to market larger quantities of timber products.

The Liberian fishing industry has developed rapidly in the last few years. Landings are estimated at around 15,000 tons per year and annual exports are expected to reach several million dollars in two to three years. Several American ships have been contracted to fish off the Liberian coast. Shrimp and fish processing plants have been constructed and further facilities will be erected shortly.

International development loans offer excellent opportunities to U.S. suppliers. Under a $3.6 million loan from the World Bank, American contractors are dredging the port of Monrovia to enable it to handle iron ore carriers up to 90,000 dead weight tons. Purchases of harbor vehicles and navigational aids will be made shortly. AID loans will be used in part to complete road construction projects. Runway, lighting, power and safety equipment will be purchased for improvements at Roberts Airport.

Libya

Oil output still rising despite recent coup; another record year likely for U.S. sales

By JAMES H. ASHIDA
Africa Division, BIC

Although the Sept. 1 military coup has radically changed the Libyan business climate, U.S. exports in 1970 are expected to exceed the record 1969 total by a modest margin. Likewise, U.S. imports from Libya, consisting primarily of crude petroleum, could reach a new peak of over $100 million.

In spite of the deterioration in the business climate, the oil sector continues to boom as production and exports soar uninterruptedly. Oil revenues for the Libyan Government are, therefore, climbing rapidly. These revenues would permit the government to continue its purchases of goods and services abroad for execution of its Five-Year Development Plan. However, imports by the oil companies are expected to decline gradually should they decide to curtail, postpone, or even cancel investment because of the uncertainties caused by the sudden change in the business climate.

It is estimated that Libya's gross national product (GNP) in 1969 grew by about 27% to almost $2.8 billion on the basis of projected crude oil production. Daily oil production in 1969 averaged an estimated 3.1 million barrels per day. In 1970, the GNP is projected to reach $3.2 billion with oil production averaging 3.6 million barrels per day.

Business confidence, temporarily shattered by the coup, is expected to recover very slowly. It appears that the new government with its strong commitment to Arab socialism and social justice will apparently exercise more controls over the business community than the former regime. Moreover, according to statements made by members of the Revolutionary Command Council, the new government intends to prosecute prominent businessmen and high government officials implicated in alleged corruption.

The Libyanization of foreign-controlled banks, the nationalization of private hospitals, and the new government's more inflexible attitude in dealing with the oil companies on outstanding issues have made Libya less inviting to foreign capital. Imposition of rigid visa and work permit regulations; the banning of alcoholic beverages; the Arabization of signs, display posters, cards, and tickets; and the 60% limitation on remittance of salaries abroad for foreign workers will make it more difficult for foreign enterprises to operate in Libya.

Since meaningful Libyan trade data for 1969 are not yet available, only a partial analysis of Libya's 1969 foreign trade from U.S. data can be made. U.S. exports to Libya for the first ten months of 1969 were $112.8 million, about 20% larger than for the equivalent period in 1968. The United States has apparently been able to maintain its position as Libya's second largest supplier. The petroleum sector was once again the largest purchaser as shown by large imports of U.S. gas turbines, iron and steel pipes and fittings, construction and mining machinery, pumps and centrifuges, electric power machinery, and heating and cooling machinery and equipment.

The ten-month data included imports ordered before Sept. 1 and hence do not reflect any decline that may have taken place after the imposition of import restrictions soon after the coup. However, the bulk of U.S. exports was probably unaffected since items for the oil industry are considered essential by the Libyan authorities. Moreover, imports of most food items and other necessities have not been restricted.

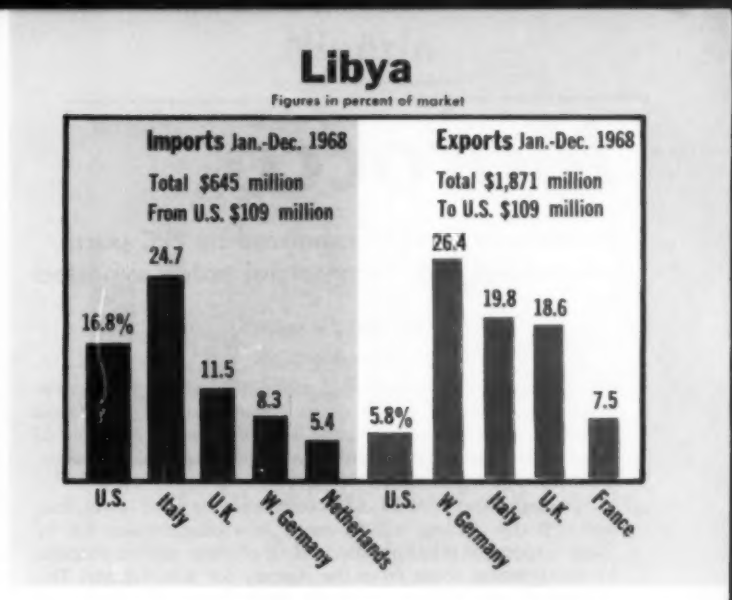
In 1970 oil field equipment and supplies and machinery and equipment for the petrochemical industry should again be the principal items exported from the United States to Libya. Although some of the older holders of oil concessions may modify their expansion plans, others which signed joint venture agreements in 1969 are proceeding to implement them. Other major U.S. items exported to Libya will probably be road motor vehicles, scientific instruments, and tobacco and tobacco manufactures. Sale of U.S. medium-range, commercial jet aircraft to the Libyan Arab Airlines may be realized although delivery will probably be delayed until 1971. In the interim, eight large transport aircraft are scheduled to be delivered to the Ministry of Defense in 1970.

U.S. petroleum imports from Libya should continue to rise in 1970. There continues to be strong demand for Libya's high-gravity, low-sulphur oil, particularly for use in urban areas where air pollution has become a serious problem. Libya's relative proximity to the main consuming areas in the eastern United States and western Europe gives Libyan oil a competitive advantage over oil from the Persian Gulf, especially after the closing of the Suez Canal in June 1967.

The military coup appears to have had little effect on implementation of the Five-Year Development Plan. Although work on several royal palaces was halted after the coup, other Plan projects are apparently being executed.

Some of the built-in demand for U.S. consumer products in Libya has been eroded by the coup. The number of American residents in Libya will drop sharply as a result of the departure of Peace Corps volunteers and the withdrawal of military personnel and their dependents from the Wheelus air base. It is also likely that the number of American oil technicians will decline because of the deterioration in working conditions and a drop in exploration activities.

LIBYA'S CHIEF IMPORTS FROM U.S.: pumps and centrifuges, gas turbines and parts, construction and mining machinery, iron and steel pipes and fittings, heating and cooling machinery and equipment, road motor vehicles, scientific and optical apparatus. **LIBYA'S CHIEF EXPORTS TO U.S.:** crude petroleum, residual fuel oil.

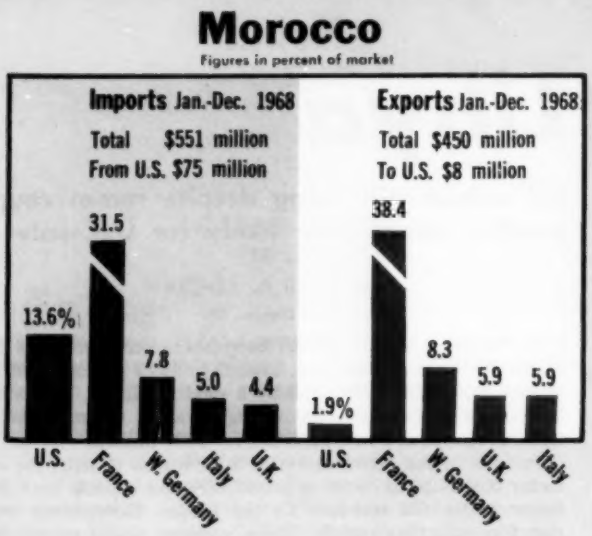


XUM

Morocco

Investment climate enhanced by EEC pact; substantial U.S. commercial sales expected

By JAMES H. ASHIDA
Africa Division, BIC



U.S. exports to Morocco will rise moderately in 1970 as the Moroccan economy continues to respond to the stimulation of two consecutive years of good-to-bumper crop yields and to the impetus from implementation of the $2.3 billion Five-Year Development Plan (1968-72).

Although exports of PL-480 commodities will be lower than in 1969, this decline will be more than compensated for by larger exports of other products. Most of these will be financed by development loans from the Agency for International Development and by Export-Import Bank loans, but substantial commercial exports, particularly wheat under liberal credit terms from the Commodity Credit Corporation, are also anticipated. U.S. exporters may also participate in sales generated by two large loan agreements signed in November 1969 by Morocco, one for $46 million from the IBRD for regional agricultural development and the other for $14.6 million from the IBRD and the IDA for highways.

After a 12% jump in Morocco's gross national product (GNP) to $2.9 billion in 1968, the GNP in 1969 remained virtually unchanged, owing largely to a drop in agricultural production. The 1969 harvest, while considered good, was far below the 1968 bumper crop, yet substantially more than the farm production in 1967. If crop yields are normal, the GNP in 1970 is expected to resume growth of about 4-5%.

Business confidence has remained high. Evidence is accumulating that the economy may be entering a period of sustained growth. Steady progress in implementing the country's five-year development plan and the conclusion of an important association agreement with the European Communities (EEC) are additional encouraging indications. The booming tourism sector is another bright spot in the Moroccan economy.

Although U.S. exports to Morocco may increase, the U.S. share of the Moroccan market may decrease because of stiffer French competition. The devaluation of the franc in August 1968 has made French goods cheaper. Moreover, the financing provisions of agreements concluded in 1969 restoring French aid to Morocco should also stimulate French exports to Morocco.

With only fragmentary 1969 Moroccan trade data available thus far, it is not possible to compare the performance of U.S. exports to Morocco for 1969 with 1968. Available U.S. data indicate, however, that U.S. exports to Morocco in 1969 will be only about $10 million less than in 1968, owing to large shipments of Export-Import Bank-financed mining machinery for the government-owned phosphate mining company. As anticipated, there was a sharp drop in shipments of PL-480 wheat and wheat flour. Furthermore, there was an unexpected fall in exports of PL-480 vegetable oils.

In 1970, the specific product categories that appear to offer the most promising sales potential are agricultural machinery and equipment, construction and mining equipment, raw cotton, animal and vegetable oils and fats, and wheat and wheat flour. In addition, the delivery of a Boeing 727-200 jet aircraft to Royal Air Moroc should boost U.S. exports.

The association agreement between Morocco and the EEC, which was signed in March 1969 and went into effect on Sept. 1, 1969, is not expected to affect the bulk of U.S. exports to Morocco. Moroccan tariff concessions were on a most-favored-nation basis, while reserved EC quotas for imports requiring licenses are limited to those kinds of goods of which the EEC has been traditionally the main supplier. These quotas are, moreover, indicative and do not entail a Moroccan purchase commitment.

The improvement in the country's balance of payments will assist Morocco in meeting its planned investment goals in 1970 by enabling it to import large amounts of capital goods. Although there was a balance of payments deficit of about $27 million in 1969, the balance of payments in 1970 is expected to be in equilibrium. By the end of 1970 a modest surplus is anticipated, thanks to a standby arrangement with the International Monetary Fund, net inflow of public capital, further growth in exports, and a marked rise in net receipts from travel and private transfers. The improvement in the foreign exchange position will also permit the Moroccan Government to continue its policy of further liberalization of the trade and payments policy.

Morocco's already favorable investment climate has been further enhanced by the EEC association agreement, under which the EEC agreed to grant Moroccan industrial exports duty-free and quota-free entrance into the EEC. There is now added inducement to establish export industries in Morocco aimed at the EEC market. In addition, the Moroccan investment code provides various incentives for approved enterprises. For U.S. investors, an Investment Guaranty Agreement provides comprehensive coverage against non-convertibility, expropriation, and war risk. There is also the possibility of obtaining Cooley funds. Several U.S. investors are already active in agribusiness and tourism and are contributing to an expansion of U.S.-Moroccan trade relations.

MAJOR IMPORTS FROM U.S.: construction and mining machinery, wheat and wheat flour, iron and steel plates and sheets, raw textile fibers and waste, raw cotton, tobacco and tobacco manufactures, agricultural machinery and equipment. **MAJOR EXPORTS TO U.S.:** manganese ore, fruits and vegetables, zinc ore, crude vegetable materials, canned fish, essential oils and perfume materials, olive oil.

Nigeria

End of hostilities, reconstruction plans enhance U.S. export, investment prospects

By JOANNE B. KAY
Africa Division, BIC

The Civil War's apparent end boosts prospects for U.S. sales to Nigeria. U.S. exports should top $70 million in 1970 as reconstruction programs begin. Commercial activity will not resume normal levels, however, until complete stability is restored.

As in 1969, the largest increase in U.S. sales will result from expansion of the petroleum industry. If the Government retains its tight control over inflation in the post-war period, some export proceeds may be used to finance the restoration of vital functions in war damaged areas and to rehabilitate neglected facilities elsewhere.

Nigeria's performance during the war demonstrated the economic resiliency of the largest country in Africa. While growth has been slowed, if not stopped, there is every likelihood of attaining a 5% growth rate in the 1970's. Gross national product has fallen but is estimated to be fairly close to the 1967 level of $5.1 billion in constant terms.

The small manufacturing sector, which accounts for about 7% of GNP, expanded rapidly during the war, surpassing previous levels. Agricultural production, after dropping sharply early in the war, has largely recovered, with the exception of palm products, which are grown in the areas of the heaviest fighting. Growth of the petroleum industry has regained pre-war momentum. A significant number of development projects will be financed from oil export earnings, the country's largest single source of foreign exchange.

Exporters cautioned

One of the most serious problems facing Nigeria is the preservation of foreign exchange. The decline of reserves, now only about $90 million, has resulted in the imposition of exchange controls and of licensing requirements for almost all items. Exporters are cautioned that an import permit must be obtained, if required, or goods will be liable to confiscation. It is likely to be some time before trade restrictions for non-essential items are rescinded, except in cases of extreme scarcity, despite cessation of hostilities.

Suppliers can expect to wait several months to receive payment, due to the priority system for release of exchange. Currency has always been released for legitimate purposes, however. Suppliers should be prepared to present liberal credit terms, if possible, to meet those reportedly offered by competing countries. Retaining customer contacts now will place suppliers in an advantageous position when normal trading patterns are restored.

While trade restrictions have forced U.S. sales to Nigeria to decline from the prewar high of $116 million, they have been on the upswing since the last half of 1968. U.S. exports to Nigeria for the first 10 months of 1969 rose 12.7% over the corresponding period of the previous year. The greatest increases were cereals and preparations, up 119% to almost $13 million, and non-electrical machinery, up 20% to $13.5 million. The 1970 outlook for these items continues to be promising; prospects are also especially good for construction and road building equipment, electrical machinery, textile weaving machinery and transportation and communications equipment.

Several projects calling for large capital inputs are in progress. International investment in petroleum was close to $250 million in 1969; the figure could be higher in 1970 as additional companies, many of them American, start up production. A U.S. firm has been awarded an $11 million pipeline construction contract. Nigeria will encourage the establishment of a natural gas liquefication plant and enlargement of oil refinery capacity.

In communications and transportation, sizable import purchases will be made in 1970. A U.S. firm has contracted to build a $5.3 million satellite communications ground station and procurement from American companies has already begun. Nigeria will spend almost $20 million to rehabilitate and modernize its 2,300 mile rail system. The largest purchase will be 45 heavy locomotives. Track, bridging and rolling stock will also be improved. Reconstruction and enlargement of port facilities may begin in 1970. Several major road projects are underway.

AID programs offer opportunities for U.S. suppliers in a variety of areas. Emergency procurement for relief and rehabilitation totaled over $15 million for food and medical supplies in 1969. Other purchases included heavy equipment, such as generators. Equipment for water supply projects will also be purchased in 1970. Large-scale AID relief and reconstruction assistance will be offered.

Looking to the future, business and Government attitudes are guarded. The Federal Government has outlined a four-year, $3.4 billion Reconstruction and Development Plan, which will begin when conditions permit.

Priorities for Government participation in new industrial projects have also been announced. First is agro-related industries; second, establishment of a petrochemical industry; third, expansion of the already rapidly growing textile manufacturing. Nigeria aims to increase local shares in new ventures, but recognizes the necessity of attracting foreign capital. The procedure for issuing foreign business visas has recently been simplified.

NIGERIA'S CHIEF IMPORTS FROM U.S.: cereals and flour, iron and steel tubes and pipes and fittings, pumps and centrifuges, construction and mining machinery, transportation, and telecommunications equipment, mechanical handling equipment, medical supplies. NIGERIA'S CHIEF EXPORTS TO U.S.: petroleum, cocoa, rubber, hides, skins, tin, ores and concentrates.

XUM

South Africa

Continued growth will boost imports; U.S. sales climbed about 10% in 1969

By WILLIAM K. KRIST
Africa Division, BIC

Estimated U.S. exports to South Africa reached a record high of about $500 million in 1969, a jump of 10% over 1968 exports of $455 million. A continued increase in U.S. sales—although at a slower rate—appears probable, and total U.S. exports to South Africa in 1970 may reach $530 million.

South Africa's total imports in 1969 approached $3.0 billion, a 15% increase over the 1968 level of $2.6 billion. In 1970, total imports are expected to be about $3.3 billion, a record high representing a 10% increase. The U.S. share of South Africa's total imports is expected to be about 17% in both 1969 and 1970, a slight drop from the 17.7% of 1968.

The large spurt in South Africa's imports in 1969 can be primarily attributed to a speed-up in the rate of economic growth, which will be at least 6%, and possibly as high as 7.5% in 1969. The increase in manufacturing output should be even larger than this overall economic growth rate. In 1968, on the other hand, the rate of growth was only 3.6%, largely because of a decline in agricultural output.

Slower growth rate

Over the last several months, however, the South African economy has shown signs of cooling off slightly, and the 1970 outlook is for an 8 to 9% increase in the market value of gross domestic product. Since 3% of this increase is expected to be caused by price increases, the real increase in gross domestic product will be no more than 6%.

Business confidence, while still high, is less exuberant than it was as recently as last July, according to a recent survey of business opinion conducted by Stellenbosch University. As a result of this slip in business confidence, manufacturing investment in buildings, plant and equipment is presently in the doldrums, in spite of the fact that the index of manufacturers' output has been on the rise, at least through July, the latest month for which figures are available. Except for car sales —which should set a new record in 1969 —consumer spending has also been growing more slowly since June.

The major factor undermining business confidence is undoubtedly the prospect of significant pressure for wage increases anticipated in 1970. Skilled labor is becoming increasingly scarce and workers appear to be in a strong bargaining position for salary increases. Many South African businessmen and economists now argue that South Africa will soon have to relax the restrictions placed on the utilization of non-white workers in skilled positions, or suffer from a slower rate of growth coupled with inflationary wage pressures in the 1970's.

Tighter credit conditions are also expected to help slow the rate of economic growth in 1970. The credit squeeze imposed by the Reserve Bank has reduced the ratio between money and gross domestic product to 29.5% from the 31.5% which prevailed at the end of 1968. Although this ratio is still high by South African standards, the credit squeeze appears to be having some restraining impact on the economy.

As South Africa's annual rate of economic growth tapers off from the rapid pace of 1969 to the more manageable rate of 5½%, the rate of increase in imports should also slow. Thus, total imports will probably increase to $3.3 billion in 1970, a rise of about 10%, compared to the 15% increase in 1969.

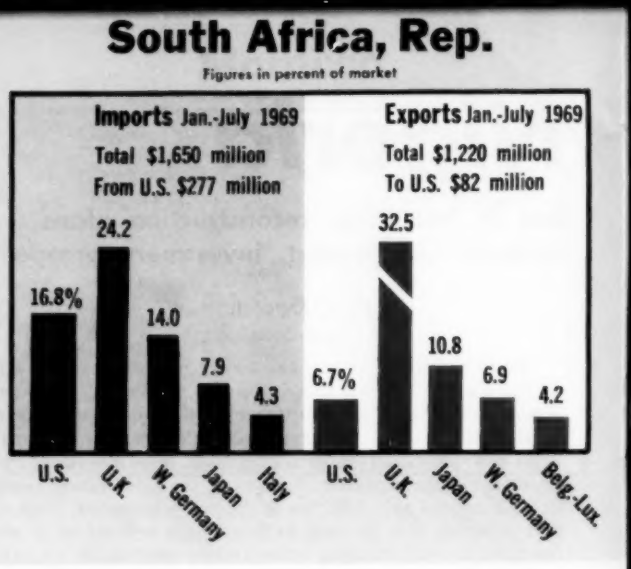
South Africa's import controls appear to permit an import level of $3.3 billion for this year. The Minister of Economic Affairs recently announced that import allocations for 1970 will be maintained at the 1969 level. Since some of the import licenses issued in 1969 were not fully utilized by South African importers, a 10% increase in aggregate imports should be possible.

South Africa's reserves of gold and foreign exchange also appear to be sufficient to permit this forecast increase in imports. As of mid-November 1969, reserves totaled just under $1.3 billion, an amount equal to six months imports in 1968. The balance of trade is expected to worsen slightly in 1970, however, and South Africa's exchange reserves may decline slightly to approximately $1.1 billion.

During the first 10 months of 1969, U.S. exports to South Africa totaled $414 million, a $36 million increase over the comparable 1968 period. Increased sales of transportation equipment, particularly automotive componentry and aircraft, accounted for most of this increase.

In 1970, U.S. exporters of the following commodity lines should be in a particularly good position to increase sales: organic chemicals, agricultural machinery, light aircraft, air conditioning equipment, and measuring and control equipment. Machine tools, especially for pressing automobile bodies, will also be in strong demand, as many South African firms are now in the process of increasing the "local content" of automobiles. Sales of computers and office equipment should continue to surge ahead, as South African industry becomes increasingly automated. Steel mill equipment, including rolling mill equipment, will be in demand, since ISCOR will soon begin construction of a new $112 million steel mill. U.S. producers of many other types of capital goods will also find 1970 a good year to increase their sales to South Africa.

SOUTH AFRICA'S CHIEF IMPORTS FROM U.S.: motor vehicles, aircraft, construction equipment, non-electric power generating machinery, agricultural machinery, organic chemicals, heating and cooling equipment. **SOUTH AFRICA'S CHIEF EXPORTS TO U.S.:** diamonds, copper, nickel, shellfish, uranium, wool, sugar.



Zambia

Favorable business climate is emerging; U.S. exports should regain former impetus

By SUSAN F. PARK
Africa Division, BIC

U.S. sales to Zambia are expected to recover from their 1969 losses during the first year of the new decade. U.S. exports in 1969 are estimated at only $25 million, an approximate one-sixth decline from the previous year's total of $30 million.

This outlook is based largely on the more favorable business climate which has emerged from a rapid negotiation of the Zambian Government's recently-assumed role in the country's mining industry.

In August 1969, Zambia's President Kaunda announced a number of far-reaching economic measures. Among these announcements was the Government's intention to acquire a majority holding in the mine operating companies of the country's two large copper producers, Roan Selection Trust, Ltd. (RST) and Zambian Anglo American Corporation, Ltd. (Zamanglo). (See INTERNATIONAL COMMERCE of Sept. 1, 1969.) These pronouncements, coupled with the residual effects of previous economic reforms in April 1968, understandably had an unsettling influence on Zambia's business climate, slowing copper expansion and thus directly affecting the mainstay of the country's economy.

Mining settlement

More encouraging business conditions should result from the equitable settlement reached between the mining companies and the Zambian Government in mid-November 1969. Under the terms of the new arrangement, government controlling interest in mining operations will begin Jan. 1, 1970, and remuneration will be paid to the companies based on a combined book value of approximately $574 million. In addition, RST and Zamanglo will receive management and sales contracts for the mines' output.

The mid-November settlement is expected to rekindle interest in the country's industrial development—an area that is being given widespread official encouragement. Agricultural expansion and industrialization will probably be ranked one-two in importance by future Zambian development planners. The current First National Development Plan (1966-70) is due to expire at the end of this year.

Development of the country's internal industrial capacity offers the best prospects for maintaining—and enlarging—the U.S. position as third major supplier in the Zambian market. Most salable items will remain in the categories of construction and mining machinery, mechanical handling machinery, hand and machine tools, agricultural equipment, aircraft, and railroad locomotives. Sales of U.S. rubber tires and tubes will probably diminish as production of the country's Dunlop tire factory, opened in April 1969, expands to meet current heavy demand.

For the next several years, U.S. exporters to Zambia will continue to be faced with traditional competition from the United Kingdom and the Republic of South Africa. Although stringent measures are being taken to redirect trade away from southern Africa, the Republic of South Africa continues to be Zambia's principal supplier. According to latest available Zambian statistics, imports from the United Kingdom and South Africa totaled $67.2 million in the first four months of 1969, with the latter country supplying $36.1 million of that total.

U.S. businessmen should be alert to two particular factors when considering the Zambian market. First is the requirement that an evergrowing list of products must enter the country via the ports of Lobito, Angola or Dar es Salaam, Tanzania, through other northern routes, or via airfreight. A complete listing of these products is available from the Africa Division-884, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230. Secondly, Zambian officials have expressed a preference for foreign firms to establish Zambian-based outlets for their products, or alternatively, to include the Zambian market within the territory of an East African regional representative.

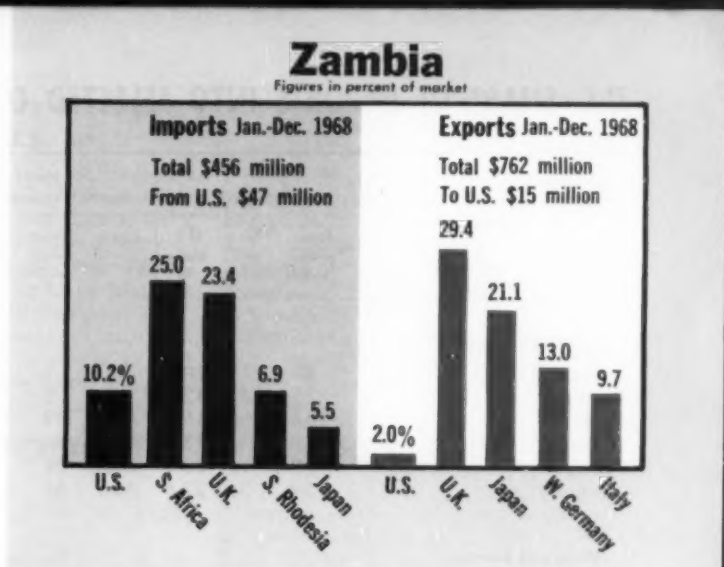
ZAMBIA'S CHIEF IMPORTS FROM U.S.: construction and mining machinery, mechanical handling machinery, passenger cars, trucks, hand and machine tools, tractors, rubber tires and tubes, telecommunications equipment. ZAMBIA'S CHIEF EXPORTS TO U.S.: zinc and zinc alloys, unmanufactured tobacco.

Investment welcome

Through various statements, officials of the Zambian Government have reiterated that foreign investors and skilled foreign workmen are welcome in Zambia. In particular, certain terms of the August 1969 economic reform program were designed to stimulate new foreign investment, especially in the mining industry. U.S. businessmen who are considering a possible investment in Zambia should investigate participation in the project by the Zambian Industrial Development Corporation (INDECO), the Zambian Government's main agency for business matters.

INDECO, which controls companies importing 60% of the country's building hardware materials and 40% of its consumer goods, is considering future projects in such diversified areas as chlorine and soda production, ceramics manufacture, and small-scale output of plastic items.

INDECO's role in the Zambian economy, both now and in the future, cannot be underestimated. Gross domestic investment in Zambia has increased steadily since the country's independence in 1964. In 1967 it was an impressive $390 million, or one-third of gross national product. Of significance, however, is the fact that the public sector's share of total investment is about 40% with INDECO controlling the majority of this percentage.



U.S. SHARE OF IMPORTS INTO SELECTED COUNTRIES

Area and country	1968 Imports			1969 Imports January through latest month			
	From world (million dollars)	From U.S. (million dollars)	U.S. share %	Latest month	From world (million dollars)	From U.S. (million dollars)	U.S. share %
Latin America							
Barbados	84	18	20.8	(1)	(1)	(1)	(1)
Bolivia	[2]75	[2]32	[2]42.0	(1)	(1)	(1)	(1)
Ecuador	244	86	35.0	Apr.	82	23	28.1
Guyana	110	25	23.2	June	53	12	22.2
Paraguay	73	15	20.8	Sept.	61	14	23.4
Uruguay	159	36	22.6	Apr.	56	7	11.7
Western Europe							
Iceland	138	15	11.1	Oct.	97	9	9.0
Ireland	1,172	87	7.4	Aug.	926	76	8.2
Malta	122	3	2.5	Mar.	33	1	2.5
Portugal	1,179	86	7.3	Sept.	710	29	4.1
Far East							
Cambodia	[3]77	[3]3	[3]3.6	Mar.	[4]28	(1)	(1)
French Polynesia	175	23	13.0	Apr.	35	(1)	(1)
New Caledonia	93	6	6.8	Apr.	38	(1)	(1)
Viet-Nam, Republic of	466	136	29.2	Apr.	262	85	32.4
Near East-South Asia							
Burma	107	5	4.7	June	39	(1)	(1)
Ceylon	365	29	7.9	Sept.	349	31	8.8
Cyprus	170	8	4.9	Aug.	130	7	5.5
Iraq	403	17	4.2	Mar.	104	3	3.2
Jordan	159	16	9.8	June	87	6	6.7
Kuwait[5]	611	105	17.1	(1)	(1)	(1)	(1)
Southern Yemen	236	4	1.7	(1)	(1)	(1)	(1)
Africa							
Algeria	707	61	8.7	May	379	28	7.4
Angola	308	36	11.8	May	116	12	10.7
Cameroon	187	11	5.8	June	104	(1)	(1)
Congo (Brazzaville)	84	4	5.2	(1)	(1)	(1)	(1)
Ethiopia	173	32	18.5	Mar.	41	3	7.7
Gabon	65	6	9.6	Feb.	10	1	11.0
Malagasy	170	9	5.0	Apr.	63	2	3.6
Malawi	79	4	5.6	June	40	(1)	(1)
Mauritius	76	2	2.1	Mar.	17	(1)	(1)
Mozambique	208	12	5.7	Feb.	39	3	7.0
Senegal	180	7	3.7	Mar.	53	1	2.1
Sierra Leone	91	9	9.5	Feb.	16	1	3.8
Sudan	258	6	2.2	Oct.	221	6	2.8
Tunisia	218	44	20.4	Sept.	183	34	18.4

Note: In order to present comparable statistics for all countries, import data for Malawi have been adjusted from an f.o.b. to a c.i.f. valuation.

[1] Not available.
[2] January-June.
[3] January-August.
[4] Estimated.
[5] Excludes oil company imports.

Sources: Official trade statistics of listed countries. International Monetary Fund, *International Financial Statistics.*

IFC receives $100 million to assist private enterprise

World Bank affiliate gets second big loan from parent organization

The World Bank has agreed to lend an additional $100 million equivalent to its affiliate, the International Finance Corporation, to provide funds for the Corporation's lending operations.

IFC is the member of the World Bank Group that furthers economic development by encouraging the growth of private enterprise. In 1966, IFC made arrangements to borrow $100 million from the Bank, and has since made loan commitments covering nearly all of that amount.

The availability of loan funds from the Bank since late 1965 has permitted IFC to make more and bigger investments than would otherwise have been possible. In fiscal 1966 IFC's largest commitment was $6.1 million, while in fiscal 1969 the Corporation's largest investment was $22.1 million. The annual total of the Corporation's investments has increased from approximately $36 million in fiscal 1966 to $93 million in fiscal 1969. The addition of a second $100 million of loan capital to the Corporation's resources will permit the growth of IFC investments to continue.

In 1965 the Articles of Agreement of the Bank and IFC were amended to permit IFC to borrow from the Bank an amount up to four times IFC's unimpaired capital and surplus. IFC has approximately $107 million capital subscribed by its 92 member nations, and has a reserve against losses of approximately $53 million.

The loan may be disbursed to IFC in dollars or in other currencies, as agreed between the Bank and IFC.

Thailand gets $10 million from ADB for private firms

The Asian Development Bank has approved a second line of credit equivalent to $10 million to the Industrial Finance Corporation of Thailand (IFCT) for relending to private, medium-size industries in Thailand.

The IFCT, incorporated in 1959, is authorized to aid the growth of private industry in Thailand by extending medium

and long-term loans, underwriting shares and securities, and guaranteeing loans.

The IFCT had approved for relending by September 1969, in half the time expected, about 90% of the first loan of $5 million made by the Bank to IFCT in January 1968.

The ADB has also granted similar loans to the Industrial Development Bank of Pakistan ($10 million), the Private Development Corporation of the Philippines ($5 million), and the Development Bank of Singapore ($10 million).

Eximbank loan to Portugal will help buy U.S. jets

The Export-Import Bank of the United States has authorized a $4.2 million credit to Transportes Aereos Portugueses (TAP), of Lisbon, to help finance the purchase of two Boeing 707 jet aircraft, related equipment and services. Purchases from the U.S. will total some $18.5 million.

The borrower will make a cash payment of 35% of the total cost or $6.5 million, and the balance of the financing, which is some 42% or $7,882,050, will be provided by Portuguese banks.

Established in 1944, TAP is Portugal's principal air carrier, providing service domestically and to points in Western Europe, North and South America, Africa, and certain islands in the Atlantic Ocean. Exclusive of this new loan, Eximbank has authorized four credits to TAP for a total of some $15.2 million.

Eximbank helped finance the export of more than $735 million worth of U.S. aircraft during 1969.

Conversion values of European currencies given

By BOBETTE P. HEIEN

Office of International Regional Economics, BIC

Once again, as an accompaniment to the semiannual World Trade Outlook section, INTERNATIONAL COMMERCE publishes its cross-currency table, which shows the value of the dollar in terms of the principal European currencies, the value of these currencies in terms of dollars and the value of all currencies listed in relation to each other.

It should be noted that the current version of the table reflects two significant actions since the last publication, the devaluation of the French franc in August 1969, and the revaluation of the German mark in October 1969.

Some examples indicate the use of the table:

► How many European currency units will one dollar buy? Example (line 1, United States): $1 will buy 50 Belgian francs.

► How many dollars will buy 100 currency units of a given European country? Example (line 3, Belgium): to buy 100 Belgian francs a businessman must pay $2.

► How many currency units of a listed country will 100 currency units of another country buy? Examples (line 3, Belgium): 100 Belgian francs will buy 15 Danish kronor or 1,250 Italian lire or 52 Austrian schillings.

► How many currency units of a listed country will buy 100 currency units of another country? Examples: To buy 100 French francs a businessman must spend 900 Belgian francs (see line 5, France); to buy 100 German marks, he has to spend 1366 Belgian francs (see line 6, Germany); and to buy 100 Austrian schillings he must spend 192 Belgian francs (line 2, Austria).

Suppose a U.S. businessman at the end of a visit to Belgium has a 1000-Belgian-franc bill left in his wallet. Looking at the table (line 3, Belgium), he will find that he can get $20 for that bill; if he travels from Belgium to Germany, he need not change that money first into $20 and then into Germany currency—he can change it directly into 73 German marks; should he travel from Belgium to France, he can change his 1000 Belgian francs directly into 110 French francs.

The table, current as of Jan. 1, 1970, is based on the par values declared to the International Monetary Fund by member countries. It is intended to serve merely as a rough desk tool. For close financial calculation, up-to-the-minute information should be obtained from the banks or other financial institutions specializing in foreign exchange.

Country	Currency units	Value in		$	£	Bfrs	Dkr	Ffrs	DM	£ sh d	Lire	Hfl	Nkr	Esc	Pts	Skr	Sfrs
United States	Dollars	$	1		26	50	7.5	5.55	3.66	–. 8.4	625	3.62	7.14	28.75	70	5.17	4.32
Austria	Schillings	S	100	3.80		192	28.8	21.4	14.1	1.12.–	2,404	13.9	27.5	110.6	269	19.9	16.6
Belgium	Belgian francs[1]	Bfrs	100	2	52		15	11	7.3	–.16.–	1,250	7.2	14.3	57.5	140	10.3	8.6
Denmark	Danish kroner	Dkr	100	13.30	346.7	666.7		74.1	48.8	5.12.–	8,333	48.3	95.2	383	933	69	57.5
France	French francs	Ffrs	100	18	468	900	135		65.9	7.10.–	11,250	65.2	128.6	517.6	1,260	93	77.7
Germany	Deutschmark	DM	100	27.30	710	1,366	205	152		11. 8.–	17,080	99	195	785.5	1,913	141	118
Great Britain	Pounds[2]	£	1.–.–	2.40	62.4	120	18	13.3	8.8		1,500	8.69	17.14	69	168	12.42	10.86
Italy	Lire	Lire	1,000	1.60	41.6	80	12	8.9	5.9	–.14.–		5.8	11.4	46	112	8.3	6.9
Netherlands	Holl. florins	Hfl	100	27.60	718	1,381	207	153	101	11.10.–	17,270		197	794	1,934	143	119
Norway	Norw. kroner	Nkr	100	14	364	700	105	77.8	51.2	5.16.–	8,750	50.7		402.5	980	72.4	60.4
Portugal	Escudos	Esc	100	3.50	90.4	173.9	26.1	19.3	12.7	1. 8.–	2,174	12.6	24.8		243.5	18	15
Spain	Pesetas	Pts	100	1.45	37.1	71.4	10.7	7.9	5.2	–.12.–	893	5.25	10.2	41.1		7.4	6.25
Sweden	Swedish kronor	Skr	100	19.30	502.6	966.5	145	107.4	70.7	8. 2.–	12,080	70	138	555.7	1,353		83.4
Switzerland	Swiss francs[3]	Sfrs	100	23.20	602	1,158	173.8	128.7	84.8	9.14.–	14,480	83.9	165.5	666	1,622	119.9	

[1] Used also in Luxembourg. [2] Used also in Ireland. [3] Used also in Liechtenstein.

Commerce Department schedules second tourist industry mission to visit Yugoslavia this spring

Success of first, in November, prompted Embassy to request a repeat mission soon; deadline for applications, Feb. 2

A new U.S. specialized trade mission to Yugoslavia—the second to focus on the tourist industry—is being planned for this spring.

The success of a similarly oriented group of specialists who went to Yugoslavia in November prompted the U.S. Embassy in Belgrade to request a repeat mission at the earliest possible date.

As both the Director and the industry members of the earlier mission share the Embassy's view that substantial untapped trade opportunities exist, in addition to those explored in November, the U.S. Department of Commerce is recruiting participants for another team scheduled to visit leading tourist centers in Yugoslavia during April.

Business for own firms

Membership is limited to ten U.S.-domiciled executives of U.S. companies offering equipment and services related to tourism. They will be doing business for their own firms.

The group will be in Yugoslavia Apr. 15-25. Current plans call for the promotion activity to begin in the Montenegro region (probably Budva) on Apr. 16, to continue in Split, Apr. 20-22, and to wind up in Zagreb, Apr. 23-25. In Zagreb, the group will have an opportunity to visit the "TU-EX" Tourist Equipment Show at the spring fair, which will bring together more than 200 decision-making hotel enterprise managers from all parts of Yugoslavia.

According to the experience gathered by the November mission and to up-to-date market research, good possibilities exist in Yugoslavia for the following products and related items in the field of tourism and construction equipment:

Airconditioning, including systems for installation in tourist buses; commercial refrigeration for hotels, restaurants, warehouses, office and apartment buildings; ice-making machines; food and soft-drink vending machines; dehumidification; laundry and drycleaning equipment, including coin-operated; institutional and quick-service food preparation and servicing equipment; automotive repair and services, including automatic car-wash; small juke boxes; airport customer service apparatus; swimming pools; and consultant services in area development for tourism.

Companies interested in this Government-sponsored business trip are invited to write, before Feb. 2, to: Trade Missions Division, BIC-926, U.S. Department of Commerce, Washington, D.C. 20230, attention Paul A. Mayer or telephone him collect, area code 202, 967-2232.

Last November's tourism trade mission estimated upon its return that resulting business in the next 12 months would reach $1.48 million.

Several other specialized trade missions have been announced by the Commerce Department for this spring: Pumps, compressors, valves, and fluid power equipment, to Italy, Mar. 2-14; hospital/medical equipment, to Australia and New Zealand, Mar. 11-26; and automotive maintenance and servicing equipment, to Germany, Apr. 4-18.

World Bank loan assists largest Dominican project

A World Bank loan equivalent to $25 million will support the largest and most important industrial project yet undertaken in the Dominican Republic—the construction and operation of facilities needed for the mining and metallurgical processing of lateritic ore for the production of ferronickel.

The entire project will cost the equivalent of approximately $195 million. The Bank loan will be applied to the cost of the required electric power and related facilities.

All imported goods and services paid for with World Bank funds must be procured through international competitive bidding.

The project also comprises extensive supporting facilities, including power generation, a fuel pipeline, storage facilities, roads, water supply and housing. The Bank loan will help to finance a 198-megawatt thermal electric generating station, a 44-mile pipeline for the transport of crude oil from the Port of Haina to the plant site, an associated installation at the site, and necessary facilities for water treatment.

This will be the Bank's first loan to the Dominican Republic. It will be made to Falconbridge Dominicana, C. por A. (Falcondo), a company sponsored by Falconbridge Nickel Mines Ltd. of Toronto, Canada and Armco Steel Corp. of Ohio; an agency of the Dominican Government is also a shareholder.

PEFCO takes forward step

The American banking community has taken a major step toward formation of a billion-dollar private company to help finance 'big ticket' U.S. exports such as jet aircraft.

The Bankers Association for Foreign Trade (BAFT) recently announced the formation of the Private Export Finance Corp. (PEFCO), after 40 member banks had agreed to contribute the $10 million in initial capital needed to get the company off the ground by mid-year.

BAFT Chairman James W. Bergford sent a formal request to the 40 asking for a total of $500,000 to pay the cost of organizing the company. All other BAFT member institutions have been invited to join the original 40.

Tom Lilley, an Eximbank director, hailed the move: "Eximbank welcomes the decision to organize PEFCO. We think it is a significant step forward in international financing. The basic concept of PEFCO is to mobilize sizable quantities of private funds from untapped sources to help finance exports of capital goods from the United States. Export-Import Bank has long favored the formation of this proposed corporation and is prepared to issue the guarantees that it will require when the formal organization has been completed and PEFCO is ready for business."

U.S. will mount commercial trade fair at Hanover Air Show scheduled in spring

Ten German commercial airports planning $335 million in expansion costs by 1972; previous Hanover fair drew one million visitors

German expansion of commercial air transportation systems is creating important sales opportunities for U.S. producers of aircraft engines and a variety of navigation, communications and aircraft and airport support systems.

To help American manufacturers reach the most qualified buyers in this and other major European markets, the U.S. Department of Commerce will sponsor an exhibition of U.S. commercial aviation products at the eighth biennial Hanover Air Show to be held Apr. 24-May 3, in Hanover, Germany.

The air show, considered one of the most important in the world, will run concurrently with the annual Hanover Industries Fair, which has attracted as many as a million visitors from more than 100 countries.

Expansion and improvement of German aviation facilities started early in 1969. The ten major commercial airports are expected to spend $335 million by 1972 in preparation for anticipated passenger traffic of over 36 million compared with 18 million in 1967. Passenger traffic is expected to double again by 1977.

Heavier traffic will require navigational and communications aids to overcome problems of crowded air space. Larger-capacity, wide-bodied jet aircraft will require advanced service and ground support equipment for both passengers and cargo.

Market research conducted by the Commerce Department's Bureau of International Commerce disclosed American products to be highly regarded and products meeting requirements of the Federal Communications Commission and the Federal Aviation Administration have an excellent sales opportunity.

Commerce research indicates the following types of equipment have high sales potential:

Communications equipment — VHF transmitters, receivers and transceivers; UHF and other transceivers, ground-to-air, and ground-to-ground communications equipment.

Navigation equipment—VHF receivers; VOR/DME; transponders; automatic direction finders; Doppler and inertial navigational systems; airborne weather radar; Loran; radio and radar altimeters; autopilots; crash locator beacons; localizer/glide slope receivers; terminal and enroute ground electronic navigation aids.

Airport support equipment—Service and handling vehicles; maintenance vehicles; safety equipment; garbage and waste disposal systems including smokeless incinerator.

Aircraft support equipment—Ramp vehicles; passenger loading equipment; commissary loading equipment; container loading equipment; bulk and pallet loading; maintenance equipment; lavatory and water service equipment.

Promotional campaign

The U.S. exhibition at Hanover will be publicized through an intensive market development campaign designed to insure maximum attendance of prospective German and other European buyers and representatives.

Previous Commerce Department participation in commercial air shows, as well as U.S. Trade Center exhibits of aerospace industry products, reveal high overseas demand for U.S. equipment. Exhibitors in the U.S. Pavilion at the 1969 Paris Air Show predicted follow-up sales of almost $27 million within 12 months. The 58 exhibitors in the 1967 Paris Air Show reported first year sales of more than $24 million and the signing of 26 agency agreements.

A December 1968 aviation electronics equipment show in the U.S. Trade Center in London rolled up the highest projected sales figure in the Center's history—$3,659,180. First year sales of $1.4 million and 13 agency agreements were reported by 33 exhibitors in an aircraft and accessories show in the U.S. Trade Center in London in 1966.

U.S. manufacturers interested in participating in the Commerce Department exhibition at Hanover Apr. 24-May 3, 1970, may obtain an Exhibitors Export Market Guide, IMIS 69-86, and further information from the U.S. Department of Commerce (BIC-938) Washington, D.C. 20230 (202-967-4073) or from any of the Commerce Field Offices.

Europlastique '70 will open new Paris exhibition hall

Paris will be the site of the 1970 Europlastique, an international show of rubber and plastics, June 2-10, which will inaugurate a new Paris exhibition center, Professional Rhythm.

The exhibition, held in 1962 and 1966, will include raw materials, machinery and equipment, and finished and semi-finished products. At the previous Europlastique, 1,038 exhibitors represented 24 nations; 450,000 visitors including 48,000 foreign businessmen attended the show.

For additional information on this plastics and rubber show, write: French Trade Shows, 1350 Avenue of the Americas, New York, N.Y. 10019.

Touring show visits three Thai cities

The Fifth Touring Exhibition, and 18-day traveling show to Northeast Thailand sponsored by the U.S. Trade Center in Bangkok, visited three cities and reported sales of $14,314 and projections of $510,870 for the next year.

The autumn show opened in Ubon, traveled to Khon Kaen and closed at Nakorn Rajsima. Products of 35 American manufacturers were exhibited by 15 Thai agents and distributors and ranged from consumer goods and office equipment to agricultural machines and land vehicles. During the exhibition one distributor sought sub-distributors and appointed four such representatives.

The Trade Center's traveling show, fifth in a series of touring promotions aimed at developing markets for U.S. products in the provinces of Thailand, was attended by 1,130 registered visitors.

For the 1970 activities sponsored by the Trade Center, see story on pages 2-3.

Greek shoe, leather show will be held in Athens

The Zappeion Palace in Athens will host the 11th Panhellenic Exhibition of Shoes, Leather Goods, Leather Working Machinery and Accessories, Feb. 25-Mar. 1.

The show is being sponsored by, and further information may be obtained from the Greek Leather & Shoe Association, 64, El. Venizelou St., Third Floor, Athens.

XUM

Argentina broadens incentives to mass retailing outlets

Stores must be established by end of 1974 to obtain Act's benefits

The Government of Argentina has issued a law encouraging wider adoption of more efficient and modern retailing of consumer goods. This law and its implementing decree, issued in October, are intended to promote widespread development of chain stores and large scale self-service outlets to provide a more efficient customer/merchant ratio over virtually the full range of consumer goods retailing.

In an earlier pilot project, improvement in food distribution was sought through issuance of a law which provided incentives to establish supermarkets. The new law modifies the available benefits and extends coverage to a greater range of store sizes and types of commercial operations. Eligibility is now determined by type of supermarket—'superstores', chain stores, shopping centers, wholesale organizations or food processors. These retail establishments must meet minimum requirements as to the range of goods offered, sales and storage area, and must feature a system of self-service or customer selection of merchandise, as well as various other specific marketing modes.

The new law's primary benefit for eligible enterprises is the option to choose either a deduction from taxable income equal to investment in most fixed assets (excluding land) or an accelerated depreciation schedule (allowing write-off in half or less than normal time on a schedule equal to or more favorable than that of the sum-of-the-years'-digits method).

The government also gives priority in providing public services to such firms, and allows the use, when appropriate, of federal or municipal lands (Buenos Aires only). Firms seeking any such benefits must be functioning before Dec. 31, 1974.

A copy of the Spanish texts of the new law and its implementing decree, as well as a copy of an unofficial English translation of each, can be obtained on loan from the American Republics Division, BIC, U.S. Dept. of Commerce, Washington, D.C. 20230.

Nepal to reorganize aviation system with ADB assistance

The Asian Development Bank has approved a concessional loan equivalent to $6 million and a technical assistance grant of $350,000 to Nepal for its short-term air transport development project.

The project to be financed by the Bank loan covers the improvement and/or reconstruction of five airports including consultants' services for design, supervision of construction, the installation of navigation aids and communication facilities, the improvement of workshop facilities, ground transport and pilot training for the Royal Nepal Airlines Corp. (RNAC), Nepal's flag carrier.

The Bank's technical assistance program will help implement and strengthen the proposed reorganization and management reform of the RNAC and the Department of Civil Aviation (DCA) of the Ministry of Public Works, Transport and Communications. The assistance consists of the provision of five experts for a period of two years each.

The executing agencies for the project will be the RNAC and the DCA. The Secretary of the Ministry of Public Works, Transport and Communication will be responsible for full coordination of the project.

Philippines raises consular invoice charges to $20

The Philippine Government has announced an increase in consular invoice fees from 30 pesos ($10) to 60 pesos ($20), effective Jan. 15.

Consular invoices, certified by the appropriate Philippine Consulate in the country of origin, are required for most export shipments to the Philippines. The major shipments exempted from this invoice requirement are those to religious or charitable institutions, diplomatic and consular missions, and the Philippine Government. Also exempted are imports of goods supplied under the Japanese reparations program and U.S. Government AID and PL 480 programs.

Colombia to foster livestock development with IBRD loan

The World Bank has approved a loan of $18.3 million for a program to develop further Colombia's livestock industry.

The Government of Colombia has given considerable attention in recent years to livestock development as a means of diversifying exports. A World Bank loan of $16.7 million in 1966 helped to finance the initial stages of a program to provide credit to livestock raisers. The new loan will assist in financing the program for another four years. The four-year extension will cost a total of $44 million.

The program has been designed primarily to encourage cattle raising, but also includes the establishment of a Sheep Development Center to promote the development of a commercial sheep industry.

IDB telecommunications loan to aid Brazilian province

The Inter-American Development Bank (IDB) has approved a loan equivalent to $26 million to help expand and improve the telecommunications system of the State of Bahia in northeast Brazil.

The project will make possible high quality telephone, telex, radio-telephone and telegraph communication among Bahia's 59 major urban areas and the state's capital city, Salvador, through the installation of a central microwave network and other improvements in each of the cities. It will also link these cities to the rest of Brazil and the world through a hook-up to the national network and the new satellite ground station located in Rio de Janeiro.

The loan was extended to Telefones da Bahia S.A. (TEBASA), a private corporation in charge of carrying out the Master Telecommunications Plan of the State of Bahia. The project represents the first phase of this plan, which is designed to meet the state's telecommunications demands over the next 20 years.

Total cost of the project is estimated at $57.7 million.

Germany opens quota for imports of cut flowers

The Federal Republic of Germany has opened a quota for the importation of fresh cut flowers other than cut tulips, hyacinths, narcisses, orchids and anthuria from a number of countries including the United States. Applications for licenses will be accepted until the undisclosed value limit is reached but not later than May 7. Import licenses will generally be valid until May 10. The first day of customs clearance was Jan. 1.

The imported flowers must meet the EEC quality standards.

Swiss and British companies offer goods to U.S. manufacturers under licenses

Products include household novelties, calf-feeding apparatus, internal gear pumps, small precision rubber moldings and kerosene heaters

Swiss and British firms are offering many products to U.S. companies, such as household novelties; automatic calf-feeding apparatus; high pressure internal gear pumps; rubber mouldings; and heating units for horticulture and home use.

For additional information and the name and address of the firm, write the Office of International Investment, BIC 874, Department of Commerce, Washington, D.C. 20230, referring to the appropriate File number assigned each opportunity listed below.

• A Swiss firm offers for manufacturing under license various household novelties. Included are an automatic clothes hanging line, one-piece plastic clothes pegs, and combined sponge and abrasive dishwashing and scrubbing movable pads mounted on plastic handles.

The Swiss firm would also like to consider manufacturing U.S. novelty housewares under license. **File 1838.**

• A medium sized Swiss manufacturer of agricultural equipment and metallic elements for structural application is interested in manufacturing license agreements for its automatic calf-feeding apparatus. The device is now installed in about 1,000 large calf farms in Switzerland and other European countries.

Reportedly, the largest Swiss manufacturers of calf milk products recommend the utilization of this machine. It is claimed to be the only automatic feeding device which can be operated with all varieties of milk powders and related substitutes.

As the controlled temperature of the milk is considered decisive for the health of the calves, constant warmth and controls are utilized. A special mixing feature insures complete dissolving of the milk powders, while standing milk is automatically remixed every three minutes. Low cost and easy maintenance is reported. **File 1839.**

• A Swiss manufacturer of hydraulic equipment is offering licenses for newly developed high pressure internal gear pumps.

The manufacturer claims the pumps offer many improvements over conventional gear pumps: suction and output zones are much longer than in previous designs.

Therefore, fluid velocities for filling the gaps are considerably reduced, as is the noise level of the pump. "Trapped oil" is eliminated by a specially shaped tooth profile. Special high pressure pumps for 2,800 to 4,200 pounds per square inch are equipped with two or three pump elements working in series so that the oil flows from the outlet of one stage to the inlet of the next stage. Several other advantages are listed.

These pumps are reported successfully used in almost all European countries where they are known for their simple design and low maintenance costs. **File 1840.**

Investment Assistance

To receive follow-up instructions and general information about investment abroad telephone: 202-967-3786 or write: Office of International Investment, Department of Commerce (BIC-878), Washington, D.C. 20230. "P" numbers should be used when writing about specific proposals.

WTD indicates that a World Trade Directory Report containing financial and business background information on the foreign firm is available for $2 from the Department of Commerce (BIC-924), Washington D.C. 20230 or the nearest Department of Commerce Field Office.

The licensing and joint-venture proposals listed in this section are published as an informational service for U.S. firms interested in overseas affiliations. Companies responding to these opportunities should be cognizant of the present mandatory investment regulations administered by the Office of Foreign Direct Investments, U.S. Department of Commerce, Washington, D.C. 20230.

• A British rubber manufacturer offers licenses for a production system for small precision rubber mouldings including rubber to metal bondings. Services offered include technical know-how, training, engineering and initial production operaiton assistance.

Advantages of the systems include lower cost, high standard of finish, easy operation, flexibility of product mix, capital costs are less than existing injection and transfer systems. **File 1841.**

• An English manufacturer of kerosene convection heating units has developed a new type of heating unit for industry, horticulture and home use.

Features include no spillage at any time; the flame is immediately extinguished should the unit be knocked over; economical to operate, a saving of 50% is claimed over conventional units; (the home model in an average-sized living room measuring 12x14′ with outside temperature of 10 degrees or less would consume 1⅓ gallons per week). The units are light and portable. **File 1702-R.**

Swiss group seeks patents, licenses and know-how from American manufacturers

Dr. A. J. Reimund, a patent broker appointed on behalf of a large Swiss industrial group, is interested in arranging know-how, patent, and manufacturing licenses for newly invented metalworking and metal treatment processes. The main points of interest include: chemical or other processes for the coating, finishing or tempering of metal; processes using electrolytic or electric erosion techniques; and vapor diffusion processes for coating metals.

Write: Dr. A. J. Reimund, Restelbergstr. 53, 8044 Zurich, Switzerland. WTD. **P-70355.**

British firm seeks license to make industrial valves

A license to manufacture non-ferrous industrial valves is sought by a British producer of non-ferrous castings, aluminum bronze diecastings and non-ferrous sandcastings. The company utilizes modern techniques in its well-equipped plant and is one of the leading firms in the U.K. in the non-ferrous casting field. Its major customers include the automotive, marine and electrical fields.

Write: Aluminium Bronze Co., Ltd., Wallows Lane, Walsall, Staffordshire, England. WTD. **P-70369.**

XUM

Fishing terminal project in Uruguay now open for international bidding

The Uruguayan Government Fishing Agency, Servicio Oceanografico y de Pesca (SOYP), has issued an international call for bids on the construction and equipping of a fishing terminal in Montevideo.

Project specifications call for the construction of an 8,100 square meter terminal building with adequate refrigeration facilities and the supply and installation of machinery and equipment for processing 28,000-30,000 metric tons of fish annually. As an additional option, the tender lists the acquisition of a vehicle fleet of four 10-ton and six 6-ton refrigerated trucks and fifty 2-ton mobile shops for distributing the fish. The estimated cost of the project is approximately $2.7 million.

The deadline for submission of bids is Mar. 16, and they must be submitted in Spanish through a locally established representative and follow the outline given on page 1 of the tender.

Bidders are obliged to deposit 1% of the value of the project in national or municipal bonds bought from Uruguay. As an alternative, bidders may supply a promissory note or bank guarantee for an equivalent amount. The firm awarded the contract must make a contract guaranty deposit of 5%.

The bidder will need to specify the type of financing he offers, which for machinery and services must have a minimum term of 5 years. The Government of Uruguay has allocated 170 million pesos to SOYP for civil construction work during 1970 and has authorized the entity to contract debts up to 500 million pesos for equipment expenses, a sum guaranteed by the Ministry of Finance.

Copies of Public Tender No. 88/69 may be obtained at a cost of 15,000 Uruguayan pesos from Servicio Oceanografico y de Pesca, Calle Julio Herrera y Obes 1475, Montevideo, Uruguay.

A set of background booklets (in Spanish) on the project is available for review in Room 4813, Department of Commerce, Washington, D.C. 20230 ★(202-967-3602).

Bids on two Australian airport motels due in early February

The Australian Department of Civil Aviation seeks tenders on the erection and operation of a motel at the Adelaide Airport and at the Perth Airport. The bid deadline is Feb. 10, for both projects.

One copy each of a booklet on these two projects is available for loan (and another is available for office review) from the Construction and Building Materials Division, BDSA-645, Room 4813, Department of Commerce, Washington, D.C. 20230 ★(202-967-3602), and the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 ★(415-556-5868).

Additional information may be obtained from the Office of the Civil Air Attache, 1601 Massachusetts Ave., Washington, D.C. 20036.

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classification. The three-digit numbers and commodity classifications are from the Standard Industrial Classification (SIC) Manual. The five-digit numbers under each heading are from the Numerical List of Manufactured Products, 1967 Census of Manufacturers, Bureau of the Census and are used extensively by government and industry in classifying products.

U.S. firms should also be aware that the listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the *Department of Commerce Export Control Regulations* or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

NOTE: The SIC Manual is available for $4.50; The Numerical List of Manufactured Products (MC67-1) for $1.75 and the Export Control Regulations are priced at $12 a year. These publications may be ordered from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or any of the 42 Department of Commerce Field Offices throughout the United States.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for any trade relations.

● indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by firms located in the U.S. from the Business and Defense Services Administration (BDSA), U.S. Department of Commerce, Washington, D.C. 20230; telephone numbers indicated. To avoid delay, requests for loan material should specify country and commodity.

★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing the International Liaison and Trade Opportunities Staff, BDSA-541, U.S. Department of Commerce, Washington, D.C. 20230. The TM (trade mission) number is requested in correspondence. Requests for loan material should specify country and TM number.

WTD indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $2 each from the Bureau of International Commerce, BIC-924, U.S. Department of Commerce, Rm. 6059. Telephone: 202-967-4203. The date following the letters WTD refers to the date of issuance of the report. If WTD is in preparation, action will be completed on a priority basis upon receipt of request specifically identifying the trade opportunity involved.

Agencies

Specific foreign firms have expressed interest in agency agreements for the products listed below. Exclusive agencies for these products are wanted only if specified.

201 Meat products

20138—SPAIN—Corned beef, deviled ham. Felipe Wensell (agent), Hermanos Miralles, 91, Madrid 6. WTD 11/69.

203 Canning, preserving foods

20310—SPAIN—Canned salmon, crab, and shrimp, other seafood. Felipe Wensell (agent), Hermanos Miralles, 91, Madrid 6. WTD 11/69.

20331—NEW ZEALAND—Food specialties, fruits and vegetables, canned. Sharland & Co. Ltd. (importer, distributor, agent), P.O. Box 395, Wellington. WTD in preparation.

20361—SPAIN—Frozen salmon, shrimp, and lobster, other seafood. Felipe Wensell (agent), Hermanos Miralles, 91, Madrid 6. WTD 11/69.

204 Grain mill products

20413—SPAIN—Corn flour. Felipe Wensell (agent), Hermanos Miralles, 91, Madrid 6. WTD 11/69.

20416—SPAIN—Soya bean flour. Felipe Wensell (agent), Hermanos Miralles, 91, Madrid 6. WTD 11/69.

211 Cigarettes

21110—TAIWAN—Cigarettes. Requests ex-

clusive agency including sales to military exchange. Orient Trading Co., Ltd. (agent), P.O. Box 3240, Taipei. WTD in preparation.

212 Cigars

21210—TAIWAN—Cigars. Requests exclusive agency including sales to military exchange. Orient Trading Co., Ltd. (agent), P.O. Box 3240, Taipei. WTD in preparation.

221 Broad woven fabric mills, cotton

22110 — SWITZERLAND — Cotton plain dyed, printed, finished fabrics, apparel, toweling, bedsheet, pillowcase fabrics, jacquard woven cotton fabrics, plain, printed, colored. Kaufmann & Kleinberger (importer, agent), Militaerstrasse 16, P.O. Box, 8021 Zurich. WTD 12/69.

222 Broad woven fabric mills, manmade fiber, silk

22210 — SWITZERLAND — Plain, printed rayon, acetate fabrics, mixtures, nylon, polyester, acrylic fabrics for sale to apparel, other textile manufacturers. Kaufmann & Kleinberger (importer, agent), Militaerstrasse 16, P.O. Box, 8021 Zurich. WTD 12/69.

22216—LEBANON—Combinations of filament and spun yarn fabrics. Agent, on purely commission basis in Lebanon, certain other countries of Middle East. Phoenician Trading Agency (importer, agent), 20, Rue des Capusins, P.O. Box 4443, Beirut. WTD 12/69.

223 Broad woven fabric mills, wool

22313—LEBANON—Finished wool apparel fabrics for use in men's, boys', children's clothing. Agent, on purely commission basis in Lebanon, other Middle East countries. Phoenician Trading Agency (importer, agent), 20, Rue des Capusins, P.O. Box 4443, Beirut. WTD 12/69.

22313 — SWITZERLAND — Finished wool apparel fabrics for men's suits, trousers, coats. Kaufmann & Kleinberger (importer, agent), Militaerstrasse 16, P.O. Box, 8021 Zurich. WTD 12/69.

225 Knitting mills, products

22560 — SWITZERLAND — Jersey cloth, plain, bonded, for women's outerwear. Kaufmann & Kleinberger (importer, agent), Militaerstrasse 16, P.O. Box, 8021 Zurich. WTD 12/69.

228 Yarn, thread mills, products

22823—LEBANON—Rayon and/or acetate yarns for weaving, other machine knitting yarns. Agent, on purely commission basis in Lebanon, certain other countries of Middle East. Phoenician Trading Agency (importer, agent), 20, Rue des Capusins, P.O. Box 4443, Beirut. WTD 12/69.

22824—LEBANON—Textured, crimped, or bulked filament yarns. Agent, on purely commission basis in Lebanon, other countries of Middle East. Phoenician Trading Agency (importer, agent), 20, Rue des Capusins, P.O. Box 4443, Beirut. WTD 12/69.

229 Textile goods

22952—SWITZERLAND—Artificial leather, in particular crush lack. Kaufmann & Kleinberger (importer, agent), Militaerstrasse 16, P.O. Box, 8021 Zurich. WTD 12/69.

263 Paperboard mills, products

26310 — HONG KONG — Paperboard for making boxes. South China Photo-Process Printing Co., Ltd. (importer, printer), 45 Wong Chuk Hang Rd., Aberdeen. WTD in preparation.

264 Converted paper, paperboard products

26411 — HONG KONG — Printing papers. South China Photo-Process Printing Co., Ltd. (importer, printer), 45 Wong Chuk Hang Rd., Aberdeen. WTD in preparation.

281 Industrial chemicals

28100—ITALY—Cyclic intermediates, dyes, organic pigments and cyclic crudes; inorganic pigments; industrial organic and inorganic chemicals. Complete list of items requested available from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Dept. of Commerce, Washington, D.C. 20230. Aldo Garzanti, S.a.s. (distributor), Via Tito Speri 8, 20154 Milan. WTD 12/68.

282 Synthetic materials

28200—ITALY—Plastic materials, synthetic resins, nonvulcanizable elastomers; synthetic rubber; synthetic organic fibers. Complete list of items requested available from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Dept. of Commerce, Washington, D.C. 20230. Aldo Garzanti, S.a.s. (distributor), Via Tito Speri 8, 20154 Milan. WTD 12/68.

28240—LEBANON—Synthetic organic yarns for knitting and weaving industries. Agent, on purely commission basis in Lebanon, other countries of Middle East. Phoenician Trading Agency (importer, agent), 20, Rue des Capusins, P.O. Box 4443, Beirut. WTD 12/69.

283 Drugs

28341—NEW ZEALAND—Pharmaceutical preparations. Sharland & Co. Ltd. (importer, distributor, agent), P.O. Box 395, Wellington. WTD in preparation.

284 Soap, detergents, cleaning preparations, perfumes, cosmetics

28412—NEW ZEALAND—Soap: granulated, liquid, cake, flaked, chip. Sharland & Co. Ltd. (importer, distributor, agent), P.O. Box 395, Wellington. WTD in preparation.

28445—NEW ZEALAND—Cosmetics. Sharland & Co. Ltd. (importer, distributor, agent), P.O. Box 395, Wellington. WTD in preparation.

307 Plastic products

30796 — SWEDEN — Construction plastic pipe. NORDAK, Bjaruesand & Helgesson (importer, agent), Nydalavagen 4B, S-352 48 Vaxjo. WTD 12/69.

30797—SWITZERLAND—Novelty plastics, house and kitchen wares. Maison Weick (importer, distributor), 20 Ave. Luserna, 1200 Geneva. WTD 12/69.

322 Glass, glassware

32291 — LEBANON — Pressed and blown glass table. Agent, on a purely commission basis in Lebanon, certain other countries of Middle East. Phoenician Trading Agency (importer, agent), 20, Rue des Capusins, P.O. Box 4443, Beirut. WTD 12/69.

326 Pottery, related products

32610—SWEDEN—Vitreous china bathroom accessories such as faucet handles, soap dishes. NORDAK, Bjaruesand & Helgesson (importer, agent), Nydalavagen 4B, S-352 48 Vaxjo. WTD 12/69.

335 Rolling, drawing, extruding of nonferrous metals

33520 — BRAZIL — Aluminum ingots and bars; 99.6% and 99.9% purity required. SOTIL —Sociedade Tecnica Industrial Ltda. (agent), Rua 24 de Maio 35, 8° andar, Sala 815, Caixa Postal 6916, Sao Paulo, S.P. WTD 12/69.

342 Cutlery, hand tools, general hardware

34294—SWEDEN—Window hardware. NORDAK, Bjaruesand & Helgesson (importer, agent), Nydalavagen 4B, S-352 48 Vaxjo. WTD 12/69.

34295 — SWITZERLAND — Novelty household hardware. Maison Weick (importer, distributor), 20 Ave. Luserna, 1200 Geneva. WTD 12/69.

344 Fabricated structural metal products

34460—SWEDEN—Metal scaffolds. NORDAK, Bjaruesand & Helgesson (importer, agent), Nydalavagen 4B, S-352 48 Vaxjo. WTD 12/69.

346 Metal stampings

34616—AUSTRIA—Metal commercial closures, fittings for ISO containers. P. H. N. Tree (agent), Grillparzerstrasse 5/9, A-1010 Vienna. WTD 10/69.

352 Farm machinery

35227 — ITALY — Lawn mowers for golf courses, sport fields. Il Prato Verde (distributor), Via XX Settembre 27, Padova. WTD 10/69.

35228—ITALY—Automatic watering equipment for gardens, parks, golf courses, sport fields. Il Prato Verde (distributor), Via 20 Settembre 27, Padova. WTD 10/69.

353 Construction, mining, materials handling machinery, equipment

35310—SPAIN—Construction machinery and equipment, especially for building tunnels, canals; interested only in most modern, sophisticated equipment. Productos para la Industria Petrolifera, S.A. (PRODIPESA) (importer, distributor), Fernandez de la Hoz, 40, Madrid (10). WTD 12/69.

35314 — PORTUGAL — Construction power cranes. Azevedo & Pessi, Lda. (importer, distributor, agent), Rua Nova do Almada 46, Apartado 2458, Lisbon. WTD in preparation.

35316—NETHERLANDS—Mixers, pavers, related equipment, building industry machinery. Agencies requested, and representations on direct basis or license arrangements for Europe or Netherlands. Machinefabriek "Spaarne," attn: Mr. W. Kaptijn (manufacturer), Bakenessergracht 43, Haarlem. WTD 12/69.

35316—PORTUGAL—Asphalt pavers and finishers, concrete mixers. Azevedo & Pessi, Lda. (importer, distributor, agent), Rua Nova do Almada 46, Apartado 2458, Lisbon. WTD in preparation.

35317—PORTUGAL—Shovel loaders, tracklaying and wheel types. Azevedo & Pessi, Lda. (importer, distributor, agent), Rua Nova do Almada 46, Apartado 2458, Lisbon. WTD in preparation.

XUM

35318—PORTUGAL—Tandem and vibratory rollers, tired and flat compaction types, 3 to 20 tons capacity range. Azevedo & Pessi, Lda. (importer, distributor, agent), Rua Nova do Almada 46, Apartado 2458, Lisbon. WTD in preparation.

35319—PORTUGAL—Road building machinery, including dozers, angledozers with rear-mounted ripper. Azevedo & Pessi, Lda. (importer, distributor, agent), Rua Nova do Almada 46, Apartado 2458, Lisbon. WTD in preparation.

35320—SPAIN—Mining machinery, underground and surface; interested only in most modern, sophisticated types. Productos para la Industria Petrolifera, S.A. (PRODIPESA) (importer, distributor), Fernandez de la Hoz, 40, Madrid (10). WTD 12/69.

35330—SPAIN—Machinery, equipment for construction and maintenance of oil and gas pipelines; interested in most modern, sophisticated equipment. Productos para la Industria Petrolifera, S.A. (PRODIPESA) (importer, distributor), Fernandez de la Hoz, 40, Madrid (10). WTD 12/69.

35360—AUSTRIA—All kinds of handling equipment for ISO containers in all phases of transportation. P. H. N. Tree (agent), Grillparzerstrasse 5/9, A-1010 Vienna. WTD 10/69.

35370—AUSTRIA—All kinds of road equipment for handling ISO containers including side lifting gear. P. H. N. Tree (agent), Grillparzerstrasse 5/9, A-1010 Vienna. WTD 10/69.

354 Metalworking machinery

35421 — NEW ZEALAND — Metalworking machinery, viz: for sheet metal work; punching, shearing, bending, and forming. Sharland & Co. Ltd. (importer, distributor, agent), P.O. Box 395, Wellington. WTD in preparation.

355 Special industry machinery

35513 — ITALY — Lyophilization equipment for food industry. Cristoforo Terruzzi (manufacturer), Via E. Breda 176, 20126 Milan. WTD 11/69.

35591—SPAIN—Machinery and equipment for chemical manufacturing industries; interested only in most modern, sophisticated types. Productos para la Industria Petrolifera, S.A. (PRODIPESA) (importer, distributor), Fernandez de la Hoz, 40, Madrid (10). WTD 12/69.

35595 — ITALY — Drying equipment for pharmaceutical industry. Cristoforo Terruzzi (manufacturer), Via E. Breda 176, 20126 Milan. WTD 11/69.

35595—SPAIN—Petroleum refinery machinery, equipment; interested only in most modern, sophisticated types. Productos para la Industria Petrolifera, S.A. (PRODIPESA) (importer, distributor), Fernandez de la Hoz, 40, Madrid (10). WTD 12/69.

356 General industrial machinery

35614 — PORTUGAL — Air compressors, pneumatic tools for construction purposes. Azevedo & Pessi, Lda. (importer, distributor, agent), Rua Nova do Almada 46, Apartado 2458, Lisbon. WTD in preparation.

361 Electric transmission, distribution equipment

36113—FINLAND—Acoustic noise measuring instruments. E. Hanslin & Co. Ky. (importer, agent), Temppelikatu 19 D, Helsinki 10. WTD 12/69.

36133—FINLAND—Equipment for pre-programmed automatic tolling of church bells. E. Hanslin & Co. Ky. (importer, distributor, agent), Temppelikatu 19 D, Helsinki 10. WTD 12/69.

363 Household appliances

36343—SWITZERLAND—Novelty electric housewares requiring no after-sales service. Maison Weick (importer, distributor), 20 Ave. Luserna, 1200 Geneva. WTD 12/69.

364 Electric lighting, wiring equipment

36430—SWEDEN—Connectors, all kinds. Forsberg AB, Thure F. (importer, distributor, agent), Forshagagatan 58, S-123 21 Farsta. WTD 12/69.

36442—ITALY—Electrical conduit. Correspondence requested in Italian. Alfredo Catalano (agent), Viale del Fante 44a, 90146 Palermo. WTD 12/69.

367 Electronic components, accessories

36740 — SWEDEN — Semiconductors, all kinds. Forsberg AB, Thure F. (importer, distributor, agent), Forshagagatan 58, S-123 21 Farsta. WTD 12/69.

36790—FINLAND—Electronic components for color television receivers. E. Hanslin & Co. Ky. (importer, distributor, agent), Temppelikatu 19 D, Helsinki 10. WTD 12/69.

36790—SWEDEN—Thumb wheel switches; ceramic capacitor chips; cordless patchboards with shorting pins for programming. Bo Palmblad AB (importer, distributor, agent), 17081 Box, S-104 62 Stockholm 17. WTD 12/69.

36792—SWEDEN—Capacitors, all kinds. Forsberg AB, Thure F. (importer, distributor, agent), Forshagagatan 58, S-123 21 Farsta. WTD 12/69.

372 Aircraft, parts

37224—ETHIOPIA—Aircraft engines and parts for SIAI Marchetti Aircraft (Franklin and Lycoming); aircraft instruments, radios. Aircraft Co. of Ethiopia—Pvt. Ltd. Co. (importer, agent, retailer), 73 Empress Menen Ave., P.O. Box 1051, Asmara. Cables: AIRCO-ASMARA. WTD in preparation.

384 Surgical, medical, dental instruments

38424—FINLAND—Acoustic equipment for church service use, including hearing aids for deaf persons. E. Hanslin & Co. Ky. (importer, distributor, agent), Temppelikatu 19 D, Helsinki 10. WTD 12/69.

394 Toys, amusement, sporting goods

39490—SWITZERLAND—Sporting goods for families, recreation, etc. Remaco AG, Attn: Mr. Looser (distributor, agent), Steinengraben 44, 4000 Basel. WTD 12/69.

Greece extends bid deadline

The Hellenic Telecommunications Organization has extended the bid deadline on Tender No. 6705 for the supply and installation of radio link equipment from Jan. 21 to Feb. 11. Terms and specifications remain unchanged. (Refer to INTERNATIONAL COMMERCE, Dec. 8, 1969, p. 35, and *Commerce Business Daily*, Dec. 5, 1969, p. 7.)

Ireland issues tender for supply of telephones

The Controller of Stores, Aldborough House, has issued Tender No. SDIC/513 for telephones. The bid deadline is Jan. 28.

Bids should offer a supply of telephones as per specifications contained in tender documents.

Copies of the tender announcement and specifications are available from the Controller of Stores, Aldborough House, Dublin 1, or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4823).

Plumbing fixtures, sinks, basins sought by Burmese corporation

The Myanma Export Import Corp. of Burma seeks tenders on the supply of the following plumbing fixture items: 100 kitchen sinks, 20 surgeon basins, 10 bed pan sinks, 150 wall urinals, and 150 automatic flushing cisterns. The bid deadline is Jan. 29.

Copies of the tender documents are available from the Construction and Building Materials Division, BDSA-645, Department of Commerce, Washington, D.C. 20230 ★(202-967-3602) and the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif., 94102 ★(415-556-5868).

Pakistan agency interested in supply of telephone coin boxes

The Pakistan Telegraph and Telephone Department has issued Tender No. 21-28/69/744 for the supply of telephone coin boxes; the bid deadline is Mar. 4.

Copies of the tender announcement and specifications are available from M.N.A. Kirmani, Divisional Engineer (Purchase) T&T Directorate General, Government of Pakistan Block No. 12, Room 3, Frere Road, Karachi, or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4823).

Leads for Importers

Commodities are offered direct unless specified

242 Sawmills, planing mills

24261 — ECUADOR — Tile-type, hardwood parquet flooring: choice of lignum vitae, mahogany, fir, eucalyptus, yellowwood. Industrias Arte Practico S.A. (manufacturer, exporter), P.O. Box 146, Cuenca. WTD 3/69.

283 Drugs

28300—MALAWI—Three tons of Strophantus tree seed kombe. Purshotam Khusal, Wholesalers & Direct Importers (botanical extract dealers), P.O. Box 5486, Limbe. WTD 12/69.

Direct Sales

Specific foreign firms have expressed interest in direct purchases of the products below. See also the "Agencies" listing.

011 Field crop farms

01130 — NETHERLANDS — Peas, beans, similar agricultural commodities. Direct purchase and/or distribution throughout Common Market area. A. L. van Eck & Zonen C.V., Attn: A. J. P. van Eck (importer, distributor/exporter, storage/drying/cleaning facilities), 43 Zuidhaven, or P.O. Box 14, Zevenbergen. WTD 12/69.

01190 — NETHERLANDS — Bird & consumption seeds, similar agricultural commodities. Direct purchase and/or distribution throughout Common Market area. A. L. van Eck & Zonen C.V., Attn: A. J. P. van Eck (importer, distributor/exporter, storage/drying/cleaning facilities), 43 Zuidhaven, or P.O. Box 14, Zevenbergen. WTD 12/69.

201 Meat products

20110—FINLAND—Whale meat (alternatively beef) extract for use in manufacture of bouillon. Huhtamaki-yhtyma Oy, Mensa Div. (Bjorn Sjoblom) (manufacturer), Hameenlinna. WTD 12/68.

20118 — CYPRUS — Canned meats (except dog and cat foods). Quote c.i.f. prices. Direct purchase and agency. Philippos Demetriou & Sons Ltd. (importer, distributor, manufacturer, agent), 56A Gladstone St., P.O. Box 99, Limassol. WTD 12/69.

202 Dairy products

20221—CYPRUS—Natural cheese: cheese, brick, cream, Swiss, etc. Quote c.i.f. prices. Direct purchase and agency. Philippos Demetriou & Sons Ltd. (importer, distributor, manufacturer, agent), 56A Gladstone St., P.O. Box 99, Limassol. WTD 12/69.

20233 — CYPRUS — Concentrated milk, shipped in bulk (barrels, drums, and tanks). Quote c.i.f. prices. Direct purchase and agency. Philippos Demetriou & Sons Ltd. (importer, distributor, manufacturer, agent), 56A Gladstone St., P.O. Box 99, Limassol. WTD 12/69.

206 Sugar

20620—CYPRUS—Refined cane sugar and byproducts. Quote. c.i.f. prices. Direct purchase and agency. Philippos Demetriou & Sons. Ltd. (importer, distributor, manufacturer, agent), 56A Gladstone St., P.O. Box 99, Limassol. WTD 12/69.

20630—CYPRUS—Refined beet sugar and byproducts. Quote c.i.f. prices. Direct purchase and agency. Philippos Demetriou & Sons Ltd. (importer, distributor, manufacturer, agent), 56A Gladstone St., P.O. Box 99, Limassol. WTD 12/69.

207 Confectionery

20730—CYPRUS—Consumer's chewing gum. Quote c.i.f. prices. Direct purchase and agency. Philippos Demetriou & Sons Ltd. (importer, distributor, manufacturer, agent), 56A Gladstone St., P.O. Box 99, Limassol. WTD 12/69.

209 Food preparations

20998—CYPRUS—Chocolate, cocoa products for baking, cooking, etc. Quote c.i.f. prices. Direct purchase and agency. Philippos Demetriou & Sons Ltd. (importer, distributor, manufacturer, agent), 56A Gladstone St., P.O. Box 99, Limassol. WTD 12/69.

221 Broad woven fabric mills, cotton

22116—CANADA—100% cotton corduroy and/or corduroy of cotton/polyester blend with permanent press finish, for purchase in quantities of 10,000 yd. lots or higher. H. Scott Luffman, Textile Manufacturers Agent (agent), Box 31, Postal Station "D," Toronto 9, Ontario. WTD 12/69.

229 Textile goods

22910—CANADA—Pressed felt for industrial use, display and apparel uses, for insoles. Potential volume is indicated to be approximately 10,000 yds. per mo. H. Scott Luffman, Textile Manufacturers Agent (agent), Box 31, Postal Station "D," Toronto 9, Ontario. WTD 12/69.

22940—GERMANY—New cotton remnants for manufacture of polishing discs. Requests price quotations c.i.f. Bremen. Hans-Otto Lammert (importer, distributor, manufacturer, agent), 484 Rheda/Westf., Postfach 121. WTD 12/69.

239 Fabricated textile products

23910—SOUTH AFRICA—Lamp shade material in a wide variety of materials, designs, colors, qualities. ZEBBIES Electrical (Pty.) Ltd. (importer, distributor), 124 Gale St., P.O. Box 2922, Durban. WTD 12/69.

262 Paper mills

● **26200—CEYLON**—The Government of Ceylon desires bids on approximately 350 tons of various printing papers in assorted sheet sizes. Bid deadline is Feb. 24. Copies of tender available from Forest Products and Packaging Division, BDSA, Room 5099, Department of Commerce, Washington, D.C. 20230★, or the Embassy of Ceylon, 2148 Wyoming Ave., NW., Washington, D.C. 20008.

● **26200—IRAN**—The Iranian Tobacco Co. requires 650 tons of mechanical paper in bobbins, of the total, 600 tons to be 90 grams/M^2 ± 2 grams with bobbin width of 500 mm. The remaining 50 tons to be 90 grams/M^2 ± 2 grams but have bobbin width of 295 mm. Bid deadline Mar. 2 Copy of tender with specifications available from the Forest Products and Packaging Division, BDSA, Room 5099, Department of Commerce, Washington, D.C. 20230 ★(202-967-3530).

263 Paper board mills

● **26300—IRAN**—The Iranian Tobacco company requires 250 tons of triplex board and 250 tons of duplex board. The triplex board to be glazed both sides with a substance of 425 grams/M^2 ± 10/20 grams and provided in bobbins measuring 470 mm wide. The duplex board to be glazed one side only with a substance of 425 grams/M^2 ± 10/20 grams and provide in bobbins measuring 470 mm wide. Bid deadline Mar. 4. Copies of tender forms and conditions available from the Forest Products and Packaging Division, BDSA, Room 5099, Department of Commerce, Washington, D.C. 20230 ★(202-967-3530).

281 Industrial chemicals

28182 — AFGHANISTAN — Perchloroethylene. Quote prices c.i.f. Karachi, insurance to Kabul in original correspondence. Hollywood Drycleaners (formerly known as Artizada Modern Dry Cleaning) (importer, dry cleaners), P.O. Box 250, Kabul. WTD 4/68.

28185—SOUTH AFRICA—Organic indicators and reagents for testing swimming pool water: pH, free chlorine, residual chlorine content. Poolquip (Pty) Ltd. (Attn: P. W. Willows) Research and Development Dept. (manufacturer), P.O. Box 33, Bramley, Transvaal. WTD 6/69.

283 Drugs

● **28300 — MALAYSIA** — The Ministry of Health, Young Road, Kuala Lumpur, has issued an invitation for bids for the supply of pharmaceuticals and chemicals. Formal tender for the "Supply of Antibiotics"—1970 (N), and "Supply of Chemicals"—1970/71 (0) with a bid deadline of Feb. 9, calls for bids on such items as chloramphenicol 250 mgm., 1,000 tablets, 1,000 bottles; kanamycin sulphate .5G., 30,000 vials; erythromycin estolate capsules 250 mgm. 1,000, 300 bottles; penicillin tablets 125 mgm. 1,000, 10,000 bottles; acacia gum B.P., 2lb. tin, 1,500 tins; ammonium chloride B.P. 2 lb; 1,500 bottles; purified talc, 25 kg. drums. Copies of this tender are available from the Chemicals Division, BDSA-665, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-3394) and from the Department of Commerce Field Office, Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 ★(415-556-5868).

28330—PHILIPPINES—Fine chemicals for use in manufacture of pharmaceuticals. Doctors Pharmaceuticals, Inc. (importer, manufacturer), 354 San Diego St., Grace Park, Caloocan City. WTD 8/69.

284 Soap, detergents, cleaning preparations, perfumes, cosmetics

28423—AFGHANISTAN—Highflow (filter powder) for dry cleaning; spot removing chemicals. Quote prices c.i.f. Karachi, insurance up to Kabul in initial correspondence. Hollywood Drycleaners (formerly known as Artizada Modern Dry Cleaning) (importer, dry cleaner), P.O. Box 250, Kabul. WTD 4/68.

331 Steel mill products

33123 — ISRAEL — Tinplate (primes and waste-waste) for manufacture of crowns for bottles, metal containers; stainless steel sheets, plates, rods, tubes and coils; cold- and hot-rolled black and galvanized sheets for manufacture of water pipes (0.5-2.99; 3 mm. and upward). Direct purchase and agency. Eliahu Pshouti (importer, agent), 8 Mikwe Israel St., P.O. Box 2915, Tel Aviv. WTD 4/69.

33124 — TAIWAN — Alloy tool steel, JIS, SKS-2; monthly requirement two metric tons or more. Requests sample, price information. Ho Tai Long Co., Ltd. (importer, manufacturer, agent), 229 Minchuan West Road, Taipei. WTD in preparation.

335 Rolling, drawing, extruding of nonferrous metals

● **33500 — BURMA** — Supply of P.V.C. cables. Bid deadline Mar. 11, tender No. 13 (T) EL-ESB (ER) /69-70. Contact Controller of Stores, Electricity Supply Board, Rose Bank Road, Ahlone, Rangoon.

XUM

342 Cutlery, hand tools, general hardware

34291 — NETHERLANDS — Hardware & accessories for trucks, trailers and coaches, such as mirrors; sun visors; gudgeon pins; board closings; iron staples; chains; rope fasteners; anti-rattlers; door tails; malleable iron folding steps; all-built-in type steps; switches; plugs & sockets; low voltage electric cable; motors for windscreen wipers; ball couplings; balls; corner supports, aluminum door hinges and rooflights for house trailers; jockey wheels; gravelly fasteners with stroker-plate; fasteners; ventilators; air extractors; fluorescent lighting units; aluminum decoration sections; especially interested in steel butt hinges, hooks & alams, locks, keys and handles for trucks. Direct purchase and agency. N.V. R.H.I.W.A., Attn: G. J. Kok, Sales Mgr. (importer, distributor, exporter), 67 Gieasenweg, or P.O. Box 6059, Rotterdam. WTD 3/69.

349 Fabricated metal products

● **34900—CHILE**—Supply of 2 intake gates, complete, measuring 3.10 x 6.50 meters for a water head of 77 meters, for "ENDESA'S" hydroelectric power station located at Central "El Toro." Tender No. n/n; bid deadline Mar. 18. Specifications in Spanish are available from Empresa Nacional de Electricidad S.A. "ENDESA" Calle Santa Rosa No. 76, Departmento Ingenieria Mecanica, Santiago. Limited information is available on a short-term loan basis from the General Industrial Equipment Division, BDSA-647, U.S. Dept. of Commerce, Washington, D.C. 20230 ★(202-967-5585).

34940—GERMANY—Galvanized and black malleable iron pipe fittings; seamless carbon steel butt welding fittings; wrought steel fittings, black and galvanized; forged carbon steel fittings, screwed API line pipe thread or weld-on type, raised and flat face, serrated and plain finish, slip-on, weld-neck-, blind-, lap joint, and screw-on type; forged carbon steel gate valves, globe valves, check valves with flanged ends. Direct purchase for delivery to West and South Africa. Horst Pukke & Co. (importer, distributor, exporter), 14/16 Am Dobben, P.O. Box 1320, 28 Bremen 1. WTD 12/69.

351 Engines, turbines

35197—FINLAND—Original components for rebuilding, repairing GM engines, series m/V6/71. Tammer Diesel Oy (Mr. Veikko O. Tuomi, Managing Dir.) (rebuilder and repairer of internal combustion engines), Vihiojantie 12, Tampere. WTD 12/69.

353 Construction, mining, materials handling machinery, equipment

● **35300 — BURMA** — Rock crushing plant with a capacity of 100 tons-per-hour of ½"–¾" sizes. Tender No. P.10(T)PWC/69-70(PQC); bid deadline Feb. 2. The Chairman, Public Works Corp., 60 Shwedagon Pagoda Road, Rangoon. Specifications are available on a short-term loan basis to firms domiciled in the U.S. from the General Industrial Equipment Division, BDSA-647, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-5585).

● Unspecified number of 10-ton mobile mounted cranes. Tender No. 5(T) Const.-ESB(E) 69/70; bid deadline Feb. 20. Controller of Stores, Electricity Supply Board, Rose Bank Road, Ahlone. Specifications are available on a short-term loan basis to firms domiciled in the U.S. from the General Industrial Equipment Division, BDSA-647, U.S. Dept. of Commerce, Washington, D.C. 20230 ★(202-967-5585).

● **35300—IRAN**—Six, one ton capacity, trihweel spot turning cargo trucks. Height of cargo compartment wall should be 116 cm.; and length 160 cm. Tender No. 533/48; bid deadline Feb. 18. Iranian State Railways, (R.A.I.), Tehran. Tender documents are available on a short-term loan basis to firms domiciled in the U.S. from the General Industrial Equipment Division, BDSA-647, U.S. Dept. of Commerce, Washington, D.C. 20230 ★(202-967-5585).

● Six electrical fork lift trucks, 1,000 kilograms capacity and two petrol-consuming fork lift trucks, 4,000 pounds capacity. Bid deadline Feb. 2. Iranian Tobacco Co., Avenue Ghazvin, Tehran. Specifications are available on a short-term loan basis to firms domiciled in the U.S. from the General Industrial Equipment Division, BDSA-647, U.S. Dept. of Commerce, Washington, D.C. 20230 ★(202-967-5585).

● **35300—TANZANIA**—Bids asked for approximately 5 to 10 percussion drill rigs mounted on trailers. Bid deadline Feb. 19. The Secretary, Central Tender Board, Box 49, Dar es Salaam. Specifications are available on a short-term loan basis to firms domiciled in the U.S. from the General Industrial Equipment Division, BDSA-647, U.S. Dept. of Commerce, Washington, D.C. 20230 ★(202-967-5585).

35318—FRANCE—Public works and construction machinery and equipment, primarily dozers. Direct purchase and agency. Correspondence requested in French. Eychenne, Pierre (importer, distributor), 9-11 Ave. Paul-Laffont, 09 St. Girons. WTD 5/69.

35361—JAMAICA—Moderately priced general purpose hoist suitable for installation in confined working conditions. Kirkconnell Bros. Ltd. (importer, distributor, retailer), P.O. Box 72, Grand Cayman, B.W.I. WTD in preparation.

354 Metalworking machinery

35484—GREECE—Automobile maintenance equipment. Direct purchase and agency. A. Vasiliades Bros—"Promitheus" (importer, distributor, agent), 15 Dodekanisou St., Thessaloniki. WTD 11/69.

355 Special industry machinery

35513—SPAIN—Special chambers for ripening fruits, vegetables under controled atmosphere. Correspondence requested in Spanish. Maduracion Acelerada, S.A. (distributor, manufacturer), General Mola, 81, Madrid 6. WTD 12/69.

35540—FINLAND—Machinery for making paper sticks used for candy (e.g. lollipops). Piippo Oy (manufacturer), Lempaala. WTD 2/69.

35552—BRAZIL—Off-set typing machines; newspaper headline setting machines. Direct purchase and agency. CIMAGE S.A. Comercial e Importadora de Materiais Graficos e Eletronicos (importer, distributor, agent), Rua Sacadura Cabral, 103 9° andar Rio de Janeiro ZC-05 GB. WTD in preparation.

35590—PHILIPPINES—Pharmaceutical machinery. Doctors Pharmaceuticals, Inc. (importer, manufacturer), 354 San Diego St., Grace Park, Caloocan City. WTD 8/69.

358 Service industry machines

35820—AFGHANISTAN—Air filter—apparatus for cleaning air in cleaning room of escaping solvent fumes; equipment for numbering garments in cleaning establishment. Quote prices c.i.f. Karachi, insurance up to Kabul in initial correspondence. Hollywood Drycleaners (formerly known as Artizada Modern Dry Cleaning) (importer, dry cleaner), P.O. Box 250, Kabul. WTD 4/69.

35850—IRAN—Compressors and condensing units used in central heating, air conditioning refrigeration equipment. Quantities, specifications to be determined through direct correspondence. Direct purchase and exclusive agency. Frico Co. Ltd. (importer, distributor, agent), 380 Takhte-Jamshid Ave., between Bahar and Shemiran Rd., Tehran. WTD 12/69.

35852—SOUTH AFRICA—Room air conditioners, and units capable of cooling entire houses; must be suitable for 220 volts, 56 cycles. Atlas Radio & Electrical Co. (importer, retailer), 18 Broadway, P.O. Box 6001, Durban North, Durban. WTD 12/69.

361 Electric transmission, distribution equipment

● **36100—BURMA**—Supply of electric meters, type and quantity not specified. Tender No. 9(T)/EL-ESB(ER)69-70; bid deadline Feb. 16. Specifications and the prescribed tender forms are available from the Office of the Controller of Stores, Electricity Supply Board, Rose Bank Road, Ahlone, Rangoon, Burma, on payment of 20 Kyats (one Kyat = US $1.21) plus 15 Kyats postage charges. Reference: (9 TEL 90); cable address: "ESBUB RANGOON."

● Supply of 24 rotating standard watt meters, 12 one-phase and 12 three-phase; 6 electric heat blowers; 12 insulation meggers, 6 of 500 v and 6 of 1000 v; 12 earth resistance testers; 1 insulation oil tester. Tender No. 10(T)/EL-ESB(ER)/69-70; bid deadline Jan. 26. Requested by the Government of the Union of Burma, Electricity Supply Board, Central Stores Dept., Rose Bank Road, Ahlone, Rangoon, Burma. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 ★(415-556-5868).

● **36100—CHILE**—Supply protective relays and automatic equipment for El Toro transmission system. Specification No. 09-4; bid deadline Feb. 18. Empresa Nacional de Electricidad S.A., "ENDESA", calle Santa Rosa No. 76, 13th Floor, Departamento del Ingenieria Electrica, Santiago, Chile. Payment under IBRD credit. Specifications available from the Power & Electrical Equipment Division, Room 4124, BDSA, Department of Commerce, Washington, D.C. 20230 ★(202-967-4241).

● **36100—GREECE**—Supply of electronic measuring instruments including 70 high frequency selective meters; 60 high frequency generators; 15 seven-digit frequency counters; 120 incircuit transistors diodes checkers; 120 VTV meters; 1000 multimeters; 50 chart recorders; 60 teletype pulse distortion meters; 60 psophometric filters CCITT; 60 oscilloscopes. Tender No. 6758; bid deadline Feb. 6. Requested by Hellenic Telecommunications Organization, S.A. (OTE), 6 Klissovis St., Athens, Greece. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230. ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 ★(415-556-5868).

● **36100—THAILAND**—Supply 130 units of distribution transformers, conventional type. Tender No. MEA-PSD-178; bid deadline Feb.

13. Purchase & Stores Dept., Metropolitan Electricity Authority, 121 Chakraphet Road, Bangkok, Thailand. A copy of the tender notice is available from the Power & Electrical Equipment Division, BDSA, Room 4124, Department of Commerce, Washington, D.C. 20230 ★(202-967-4241). A copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 ★(415-556-5868).

362 Electrical industrial apparatus

36220—IRAN—Industrial controls used in refrigeration, air conditioning, central heating equipment. Quantities, specifications to be determined through direct correspondence. Direct purchase and exclusive agency. Frico Co. Ltd. (importer, distributor, agent), 380 Takhte-Jamshid Ave., between Bahar and Shemiran Rd., Tehran. WTD 12/69.

36231—GREECE—Welding machines, accessories. Direct purchase and agency. A. Vasiliades Bros.—"Promitheus" (importer, distributor, agent), 15 Dodekanisou St., Thessaloniki. WTD 11/69.

36232—GREECE—Electrodes, arc welding, metal. Direct purchase and agency. A. Vasiliades Bros.—"Promitheus" (importer, distributor, agent), 15 Dodekanisou St., Thessaloniki. WTD 11/69.

363 Household appliances

36340—NETHERLANDS—Electric household equipment, complete range. Sales territory: Common Market area. "Vobu" Electro Groothandel, Attn: Charles Gilhuys (importer, distributor/exporter, retailer), 48 Burgemeester Roosstraat, Rotterdam. WTD 12/69.

36340—SOUTH AFRICA—All types of electrical housewares, particularly recently-developed electrical appliances and "gimmicks." Appliances must be suitable for 220 volt, 50 cycles. Atlas Radio & Electrical Co. (importer, retailer), 18 Broadway, P.O. Box 6001, Durban North, Durban. WTD 12/69.

364 Electric lighting, wiring equipment

36420—SOUTH AFRICA—Electric light fittings for domestic, commercial, industrial use. ZEBBIES Electrical (Pty.) Ltd. (importer, distributor), 124 Gale St., P.O. Box 2922, Durban. WTD 12/69.

365 Radio, television receiving sets

36511—NETHERLANDS—Complete range of radio receivers, including portable, automobile, home, etc. Sales territory: Common Market area. "Vobu" Electro Groothandel, Attn: Charles Gilhuys (importer, distributor/exporter, retailer), 48 Burgemeester Roosstraat, Rotterdam. WTD 12/69.

36512—NETHERLANDS—Complete range of television receivers, including home, portable, etc. Sales territory: Common Market area. "Vobu" Electro Groothandel, Attn: Charles Gilhuys (importer, distributor/exporter, retailer), 48 Burgemeester Roosstraat, Rotterdam. WTD 12/69.

367 Electronic components, accessories

36795—BRAZIL—Magnetic recording tape for video and audio tape. CIMAGE S.A. Comercial e Importadora de Materiais Graficos e Eletronicos (importer, distributor, agent), Rua Sacadura Cabral, 103 9° andar Rio de Janeiro ZC-05 GB. WTD in preparation.

36795—NETHERLANDS—Radio and television home & portable receiving antennas and components, all kinds. Sales territory: Common Market area. "Vobu" Electro Groothandel, Attn: Charles Gilhuys (importer, distributor/exporter, retailer), 48 Burgemeester Roosstraat, Rotterdam. WTD 12/69.

369 Dry cell batteries

● **36920—IRAN**—Supply of 2,000 air-depolarized primary dry cell batteries 1½ volts. Tender Notice No. 1102/48 (Renewal); bid deadline Feb. 18. Exporters should contact Iranian Economic Mission, 2233 Wisconsin Ave., NW., Washington, D.C. 20007 ★(202-338-5393). A copy of tender with specifications and conditions is also available for review from the Consumer Products Division, Business and Defense Services Administration (BDSA), U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-5345).

382 Instruments for measuring, controlling, indicating physical characteristics

● **38200—BURMA**—Supply of one chain testing machine, capable of testing single close link, hoisting sling and chain, hydraulically operated, suitable gauge, breaking strain about eighty tons. Tender No. MEIC/BR/13 (T) 56 (MC)/69-70; bid deadline Jan. 27. Requested by The Chairman, Union of Burma Railway Board, Bogyoke Aungsan St., Rangoon, Burma. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 ★(415-556-5868).

384 Surgical, medical, dental instruments

38410—KOREA—Surgical and orthopedic instruments, diagnostic apparatus, anesthesia apparatus, transfusion equipment, allied products. Direct purchase and agency. Nam Buk Medical Instrument Co. (importer, distributor, agent), 26-1 Surin-dong, Chongno-ku, Seoul. (K.P.O. Box 208 Seoul). WTD 6/69.

Visiting Buyers and Officials

AFGHANISTAN—Zohruddin Sahibzada, Sahibzada Trading House, Kabul, **interested in buying artificial leather, plastic dinnerware, shot guns, saw rods, coolers, other U.S. products marketable in Afghanistan.** Early Jan. via New York for 1-3 mos. c/o Ghulam Faruq Achikzad, Deputy Vice President, Da Afghanistan Bank, The Trading Co. of Afghanistan, 126 W. 30th St., New York, N.Y. 10001. Itinerary: New York, Washington, D.C., cities in Illinois, Colorado, Wyoming, Arizona, California. WTD 7/69.

AUSTRALIA—Keith J. Pond, Managing Director, Hammermill & Pastoral Engineering Pty. Ltd., 26 Wentworth St., Clyde, NSW, **interested in acting as agent for U.S. manufacturers of following equipment: stock feeding, milling, agricultural produce processing, grain drying.** Jan. 5 via Los Angeles for 3 weeks. c/o A. Vargo, 141, S. Glassell, Orange, Calif. 92666. Itinerary: Los Angeles, other areas if required. WTD in preparation.

NEW ZEALAND—Simon R. Archibald, Sales Manager, M. K. Archibald & Co. Ltd., P.O. Box 11007, Wellington, **interested in direct purchase and agencies for hardware, hand tools, kitchenware, cutlery, toys and in visting buyers' marts to inspect such products.** Jan. 22 via San Francisco for 2 weeks. c/o Brewester Leeds & Co., Inc., 22 W. 38th St., New York, N.Y. 10018. Itinerary: San Francisco, New York. WTD 11/69.

SOUTH AFRICA—Sidney Altman, Director, Altman Bros. (Pty.) Ltd., 2 Sir Lowry Road, Cape Town, **interested in direct purchase and agencies for interior wall coverings, ceramic interior wall tiles, decorative inserts; decorative door and cupboard hardware; plumbing fixtures, bathroom vanities, accessories; interior decorative panels, traditional traverse and cafe curtain rods, and requesting technical information.** Jan. 9 via New York for 3 weeks. c/o Goode Durrant & Murray, Inc., 11 W. 42nd St., New York, N.Y. 10036. Itinerary: New York, Chicago. WTD 12/69.

Kuwait invites bidding on reservoir project

As part of its general water distribution project, the Government of Kuwait is inviting tenders for the construction of ground water reservoirs. The tender, MEW/22/2/93-69/70, is open to contractors classified under Building Constructors Category I and II. The bid deadline is Feb. 8.

Copies of tender documents may be obtained for KD100 ($280) from the Ministry of Public Works, Kuwait. An initial deposit of KD50,000 ($140,000) is required.

Firms which wish to participate in bidding on projects in Kuwait must have either a Kuwaiti partner or a Kuwaiti agent appointed by a letter of agreement/appointment which should be attested by a consular or other competent authority. Such a Kuwaiti partner/agent must also be registered in the Kuwait Chamber of Commerce.

Names of potential partners/agents are available from the Kuwait Chamber of Commerce, Kuwait, Arabian Gulf, or from the trade list "Business Firms—Kuwait," obtainable for $1.00 from the Commercial Intelligence Division, BIC-924, U.S. Department of Commerce, Washington, D.C. 20230. This trade list is also available at most Department of Commerce field offices.

Radio link equipment, standby system sought by Greek agency

The Ministry of Commerce, State Purchases Directorate 4, has issued Tender No. 4/923/69 for the supply of radio link equipment; the bid deadline is Jan. 28.

Bids should offer a radio link system for a distance up to 50 kms., with main and stand-by systems which are automatically switchable, and a manual override facility.

Copies of the tender announcement and specifications are available from the Ministry of Commerce, State Purchases Directorate 4, 50 Socratous St., Athens, or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Dept. of Commerce, Washington, D.C. 20230 ★(202-967-4823).

XUM

New Books and Reports

***Border Taxes and International Economic Competition.* By J. Frank Gaston and William J. J. Smith. National Industrial Conference Board, New York. 1969. 152pp. $12.50.**

Border taxes are among the more important types of nontariff barriers. Under the rules of GATT, individual countries are permitted to levy a tax on imports that corresponds to the "internal taxes or internal charges" borne by like domestic products—a tax that is separate from and additional to conventional import duties. The GATT rules also permit similar taxes imposed on domestically produced goods to be forgiven or rebated upon export. This report seeks (1) to explain the comparative operation of border taxes in the American and West European fiscal systems and (2) to examine the chief issues concerning the potential effects of the EEC programs for fiscal harmonization on the competitive trade positions of third countries. Tables are included.

Write: National Industrial Conference Board, 845 Third Ave., New York, N.Y. 10022.

***Polk's World Bank Directory.* R. L. Polk & Co., Nashville. 1969. 3,000pp. $52.50.**

The 150th edition of this semi-annual directory provides information on all the banks of the world. Information on States is presented in addition to the listing of banks with addresses, principal officers, assets and liabilities, correspondents, and branches. A transit number section and registered banking holding companies section are also supplied. International banks are listed by continent and country. A special section lists discontinued banks for a period of five years with an explanation of why they no longer exist. Population areas in square miles, capital and monetary unit with is U.S. dollar par and exchange value are also given. Supplements are issued bi-monthly in cumulative form.

Write: R. L. Polk & Co., P.O. Box 3731, Nashville, Tenn. 37217.

***'The American Challenge' Challenged.* By John B. Rhodes. *Harvard Business Review*, Boston. Vol. 47. Sept.-Oct. 1969. pp. 45-57. Reprint $1.**

The author takes issue with the recent best seller warning Europeans that their countries are about to become satellites of U.S. industrial might and technological know-how. On the contrary, European businesses, particularly the Common Market, are very vigorous competitors for the United States on home ground and around the world. The background for the Common Market's industrial growth over the past 20 years is examined to assay its present position of strength and gain perspective on the long-term problems and opportunities for American business in the 1970's. Graphs support the study.

Write: *Harvard Business Review*, Soldiers Field, Boston, Mass. 02163.

***Second General Report on the Activities of the Communities: 1968.* Published by the Commission of the Economic Communities, Brussels. Feb. 1969. 484pp. $4.**

A translation of the official annual report of the European Communities. Chapters deal with the establishment and functioning of the Common Market; general economic policy; establishment of the economic union; external relations; institutions and organs of the Communities; and, Community law.

Write: European Communities Information Service, Farragut Bldg., 900 17th St., NW., Washington, D.C. 20006

***Economic Integration in Latin America.* By F. John Mathis. Bureau of Business Research, U. of Texas, Austin. (LABS No. 8) 1969. 112pp. $3.**

The purpose of this study is to point out major problems yet to be solved in establishment of the Latin American Common Market, to discuss proposed solutions, to analyze their effectiveness and in some cases to suggest possible alternatives. Discussion centers on justification for establishment of the market, historical background, problems, current situation, industrialization, tariffs, implications for the future, and financing. Tables, figures and a bibliography support the study.

Write: Bureau of Business Research, University of Texas, Austin, Texas. 78712.

***Tariff Schedules of the United States, Annotated (1970).* U.S. Tariff Commission, Washington. $8.**

The latest volume in this series contains all the changes brought about by the Kennedy Round and all other amendments or modifications made between Aug. 31, 1963 and Dec. 1, 1969.

Write: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Order TC Publication 304.

INTERNATIONAL MARKETING INFORMATION SERVICE

Latest IMIS reports are:

Country Market Digest. Best U.S. Sales Prospects in Thailand. 9 pp. IMIS 69-27. 10 cents.

IMIS reports are available from Commerce Field Offices or from Sales & Distribution Branch, Room 2119, Department of Commerce, Washington, D.C. 20230.

***Netherlands-American Trade Directory.* American Chamber of Commerce in the Netherlands, The Hague. 380pp. $12.50 ($14.50 outside Europe).**

The directory is claimed to be the first of its kind for the Netherlands and includes "over 7,000 American and Dutch relationship firms" active in the Netherlands.

The four-section volume includes an alphabetical listing of each U.S. firm doing business in the Netherlands, with a corresponding listing of all Dutch companies associated with American firms. Names, addresses, telephone numbers and products handled and services rendered are included with each listing.

Another section is devoted to an extensive classified listing of U.S. and Dutch firms by American products and services available in the Netherlands. The directory also includes a listing of members of the American Chamber of Commerce in the Netherlands.

The Chamber plans to update the directory annually.

Write: American Chamber of Commerce in the Netherlands, Laan van Meerdervoort 55, The Hague.

***U.K. National Income and Expenditure: 1969.* Her Majesty's Stationery Office, London. 108pp. $1.80.**

An annual listing of tables, grouped into twelve sections. Those in the first section summarize the more important statistics of national product, income and expenditure. These tables show the principal categories used in national accounting. The other eleven sections consist of tables which either show the composition of these aggregates in more detail or present them in alternative forms.

Write: Sales Section, British Information Services, 845 Third Ave., New York, N.Y. 10022

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Calendar *for international traders*

BALTIMORE—Jan. 28—In-Office export seminar, 18th floor Board Room, Maryland National Bank. Sponsors: Commerce Field Office, in cooperation with Maryland Regional Export Expansion Council and Maryland National Bank.

BRIDGEPORT, CONN.—Jan. 29—Export seminar on Financing Export Shipments, 7 to 9 p.m., at the State National Bank of Connecticut, Directors Room, 1189 Main St. Sponsors: State National Bank, Bridgeport Chamber of Commerce, REEC, and Commerce Field Office.

BRUSSELS, BELGIUM—Jan. 26—International Roundtable Conference on Finance, Credit, Collection and Exchange Problems. Brussels Hilton. 9 a.m.-5 p.m. Sponsor: Foreign Credit Interchange Bur. (Europe).

CHICAGO—Feb. 3—Automotive Exporter's Club of Chicago meeting in the Builders Building.

CHICAGO—Feb. 17-18—Thirty-third Chicago Mid-American World Trade Conference, LaSalle Hotel. Sponsors: International Trade Club of Chicago and the Chicago Association of Commerce and Industry.

CINCINNATI—Jan. 28—Monthly meeting of the Cincinnati World Trade Club, University Club, 6 p.m. Speaker: **Thomas de Seve, Exhibits Director, Commerce Department's Office of International Trade Promotion.** Sponsors: World Trade Club, Commerce Field Office.

CINCINNATI—Jan. 28—First of five advanced seminars on international business problems, Univ. of Cincinnati. Topic: Analysis of Foreign Markets. Sponsors: Univ. of Cincinnati, REEC, Cincinnati World Trade Club, Commerce Field Office.

CLEVELAND—Jan. 28—Export Clinic Workshop, 10-12 noon, conference room, Cleveland World Trade Assn., Union Commerce Bldg.

DAYTON, O.—Jan. 28—First of seven sessions in the second annual Export Trade Workshop, Univ. of Dayton. Sponsors: Univ. of Dayton, REEC, Dayton World Trade Committee, Commerce's Cincinnati Field Office.

FAIRFIELD, Conn.—Feb. 5—Export Managers Club of **Bridgeport (Southern Connecticut)** monthly luncheon, 12-2 p.m., Fairfield Motor Inn.

GRAND RAPIDS, MICH.—Jan. 27—Western Michigan World Trade Club, Swiss Chalet, 6 p.m.

NASHVILLE—Jan. 27—Export Workshop, Nashville Area Chamber of Commerce. Sponsors: C. of C., REEC, Commerce Field Office.

NASHVILLE—Jan. 28—Export Outlook Conference, Sheraton Motor Inn. Sponsors: Middle Tennessee Exporters Roundtable, Memphis Field Office.

ST. LOUIS—Feb. 3—"Show You" Export Workshop, Conference Room, Federal Building, 2 p.m. Sponsors: REEC and Commerce Field Office.

U.S. DEPARTMENT OF COMMERCE—FIELD OFFICES

ALBUQUERQUE, N. MEX., 87101, U.S. Courthouse. Area Code 505, 843-2386.

ANCHORAGE, ALASKA, 99501, 412 Hill Bldg., 632 Sixth Ave. Area Code 907, 272-6531.

ATLANTA, GA., 30303, 4th Floor Home Savings Bldg., 75 Forsyth St. N.W. Area Code 404, 526-6000.

BALTIMORE, MD., 21202, 305 U.S. Customhouse, Gay and Lombard Sts. Area Code 301, 962-3560.

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HONOLULU, HAWAII, 96813, 286 Alexander Young Bldg., 1015 Bishop St. Area Code 808, 546-5977.

HOUSTON, TEX., 77002, 5102 Federal Bldg., 515 Rusk Ave. Area Code 713, 226-4231.

JACKSONVILLE, FLA., 32202, P.O. Box 35087, 400 W. Bay St. Area Code 904, 791-2796.

KANSAS CITY, MO., 64106, Room 2011, 911 Walnut St. Area Code 816, 374-3141.

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MINNEAPOLIS, MINN., 55401, 306 Federal Bldg., 110 S. Fourth St. Area Code 612, 725-2133.

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NEW YORK, N.Y., 10007, 41st Floor, Federal Office Bldg., 26 Federal Plaza, Foley Sq. Area Code 212, 264-0634.

PHILADELPHIA, PA., 19107, Jefferson Bldg., 1015 Chestnut St. Area Code 215, 597-2850.

PHOENIX, ARIZ., 85025, 5413 New Federal Bldg., 230 N. First Ave. Area Code 602, 261-3285.

PITTSBURGH, PA., 15222, 2201 Federal Bldg., 1000 Liberty Ave. Area Code 412, 644-2850.

PORTLAND, ORE., 97204, 217 Old U.S. Courthouse, 520 S.W. Morrison St. Area Code 503, 226-3361.

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SAN FRANCISCO, CALIF., 94102, Federal Bldg., Box 36013, 450 Golden Gate Ave. Area Code 415, 556-5864.

SAN JUAN, P.R., 00902, Room 100, Post Office Bldg. Phone 723-4640.

SAVANNAH, GA., 31402, 235 U.S. Courthouse and Post Office Bldg., 125-29 Bull St. Area Code 912, 232-4321.

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- ☐ AFRICA, A Growth Market for U.S. Business. 96 pp. 75c. 1968.
- ☐ CENTRAL AMERICA, Trade & Invest. 96 pp. 60c. 1965.
- ☐ CHILE, A Market for U.S. Products. 126 pp. $1. 1966.
- ☐ EAST AFRICA, A Market for U.S. Products in Kenya, Uganda, Tanzania. 78 pp. 65c. 1966.
- ☐ IRAN, A Market for U.S. Products. 50 pp. 50c. 1966.
- ☐ IVORY COAST, A Market for U.S. Products. 87 pp. 65c. 1966.
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